

# LIMITED MATURITY STRATEGY

## INVESTMENT OBJECTIVE

To maximize total return while preserving capital and providing for liquidity needs through investments in U.S. Treasury and government agency fixed income securities; maturity range 0-5 years with an average quality rating of AAA\*

\* A-rated or higher corporate securities may be added for an average quality rating guideline of AA or better

## PERFORMANCE (%)

Annualized Returns	1 Year	3 Years	5 Years	7 Years	10 Years
Limited Maturity (gross)	2.13	2.35	1.74	1.36	1.18
Limited Maturity (net)	1.92	2.14	1.53	1.16	0.98
ICE BAML 0-3 Yr Tsy Index	2.49	2.48	1.75	1.37	1.14

All periods longer than 12 months are annualized.

## PRODUCT COMPOSITION<sup>1</sup>

Sector Distribution (%)	Limited Maturity	ICE BAML 0-3 Yr Tsy Index
Corporates	0	0
Agencies	59	0
Treasuries	36	100
Mortgages	0	0
Commercial Mortgages	0	0
Asset Backed	0	0
Commercial Paper	5	0
Quality Distribution (%)		
AAA	95	100
AA	0	0
A	5	0
BBB	0	0
Portfolio Characteristics		
Average YTM (%)	0.3	0.1
Average Maturity (years)	1.4	1.4
Average Coupon (%)	1.1	1.8
Average Modified Duration (years)	1.4	1.4

<sup>1</sup> This information is provided as supplemental to the GIPS® compliant presentation.

## DIFFERENTIATING FEATURES

- 26-year track record under the same lead portfolio manager
- Average 33 years of fixed income investment experience
- Ability to create and actively manage customized portfolios with variable maturity ranges and/or credit quality limitations
- Constant balance between risk and reward with maximum duration and security limits
- \$3.8 billion (as of 12/31/20) in fixed income assets allows for access to a greater range of the secondary and new issue corporate market (investment grade only)
- Cross-fertilization of ideas between equity and fixed income platforms

Vaughan Nelson's fixed income management is based on the premise that active, risk controlled management, founded on research-driven analysis, can uncover relative values that over the long-term produce returns with less risk.

- Headquarters: Houston, TX
- Founded: 1970
- Firm assets: \$14.1 billion\*

\* Number includes assets where Vaughan Nelson Investment Management does not have full unconditional trading authority. The assets consist of model portfolio relationships with third party platforms and totaled \$1.4 billion as of December 31, 2020.

## INVESTMENT TEAM

### Steve Henriksen

- Co-Director - Fixed Income Investments
- Senior Portfolio Manager
- Began financial and investment career in 1982; joined Vaughan Nelson in 1994; BA, Louisiana State University

### Charles Ellis

- Senior Portfolio Manager
- Began investment career in 1975; joined Vaughan Nelson in 2003; BBA, Texas Tech University

### Blanca Garza

- Senior Portfolio Manager
- Began investment career in 1993; joined Vaughan Nelson in 1998; MBA, University of St. Thomas; BA, University of Houston-University Park

### Michael Hanna

- Co-Director - Fixed Income Investments
- Senior Portfolio Manager
- Began investment career in 1998; joined Vaughan Nelson in 2005; MBA, Rice University, 2005; BA, University of Texas, 1997

## EXPAND YOUR FIXED INCOME HORIZONS

### Core Fixed Income

Generate attractive risk-adjusted returns through investments in U.S. Treasury, government agencies and investment grade corporate fixed income.

<b>Average Modified Duration</b>	<b>Average YTM</b>
5.6	1.0%

### Intermediate Fixed Income

Generate attractive risk-adjusted returns through investments in U.S. Treasury, government agencies and investment grade corporate fixed income: Maturity range 0 to 10 years.

<b>Average Modified Duration</b>	<b>Average YTM</b>
4.0	0.7%

### Tax-Free Fixed Income

Generate tax-free income through investments in municipal bonds: Maturity range 0 to 20 years.

<b>Average Modified Duration</b>	<b>Average YTM</b>
3.6	0.7%

## LIMITED MATURITY PORTFOLIO COMPOSITE RETURNS (1/1/10 - 12/31/20)

Year	Composite (Gross)	Composite (Net)	Benchmark	Number of Portfolios	Dispersion at End-of-Period (Std Dev)	Composite Assets at End-of-Period (\$MM-USD)	Total Firm Assets (ex. model assets) (\$MM-USD)	Entity Assets* (\$MM-USD)	Std Dev. Composite (3-Yr Annlzd)	Std Dev. Benchmark (3-Yr Annlzd)
2020	2.13%	1.92%	2.49%	5 or fewer	N/A	2,852	12,690	14,052	0.72%	0.94%
2019	3.10%	2.91%	3.25%	5 or fewer	N/A	2,069	11,346	13,064	0.56%	0.71%
2018	1.83%	1.61%	1.70%	5 or fewer	N/A	1,680	10,078	11,425	0.48%	0.61%
2017	0.74%	0.54%	0.55%	5 or fewer	N/A	1,549	11,675	13,172	0.39%	0.53%
2016	0.91%	0.71%	0.78%	5 or fewer	N/A	1,562	11,572	12,912	0.38%	0.53%
2015	0.41%	0.22%	0.43%	5 or fewer	N/A	1,984	11,316	12,469	0.28%	0.39%
2014	0.45%	0.25%	0.46%	5 or fewer	N/A	1,604	9,943	11,057	0.22%	0.28%
2013	0.38%	0.19%	0.30%	5 or fewer	N/A	1,421	9,243	10,258	0.29%	0.36%
2012	0.68%	0.48%	0.35%	5 or fewer	N/A	1,234	7,273	8,071	0.39%	0.55%
2011	1.24%	1.00%	1.17%	5 or fewer	N/A	1,110	6,876	7,667	0.52%	0.75%

\* Number includes assets where Vaughan Nelson Investment Management does not have full unconditional trading authority. The assets consist of model portfolio relationships with third party platforms and totaled \$1.4 billion as of December 31, 2020. This information is supplemental to the Limited Maturity compliant presentation.

## GIPS NOTES AND DISCLOSURES

### NOTES

**COMPOSITE DESCRIPTION.** This composite is comprised of all fee paying, 100% fixed income, discretionary Limited Maturity Fixed Income accounts consisting of primarily Treasury/Agency portfolios with a weighted average maturity of less than 2 years and a quality rating of AA+ to AAA and having a minimum of \$5 million under management. The benchmark is the ICE Bank of America Merrill Lynch 0-3 Year Treasury Index. The ICE Bank of America Merrill Lynch 0-3 Year Treasury Index tracks the performance of U.S. dollar denominated sovereign debt publicly issued by the U.S. government in its domestic market with maturities less than three years. Qualifying securities must have at least one month and less than three years remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of \$1 billion. Callable perpetual securities qualify provided they are at least one year from the first call date. Fixed-to-floating rate securities also qualify provided they are callable within the fixed rate security. Bills, inflation-linked debt and strips are excluded from the Index; however, original issue zero coupon bonds are included in the index and the amounts outstanding of qualifying coupon securities are not reduced by any portions that have been stripped. The composite creation date is September 2004.

**FIRM DEFINITION.** Vaughan Nelson Investment Management ("Vaughan Nelson") is an equity, fixed-income and balanced portfolio investment manager. Vaughan Nelson is defined as an independent investment advisory firm and is affiliated with Natixis Investment Managers.

**FEES.** Limited Maturity Fee Schedule: .10% on the first \$25 million, .05% on the next \$150 million, .04% on amounts over \$175 million.

**OTHER NOTES.** Results for the full historical period are time weighted. Accounts have been valued daily and portfolio returns have been weighted by using beginning-of-month market values plus daily weighted cash flow. The dispersion calculation is based on a dollar-weighted average of portfolios within the composite for the entire period. The dispersion percent of N/A indicates that the number of portfolios for the entire year were equal to five or fewer or periods of less than one year. The benchmark source is FactSet. The valuation source is Intercontinental Exchange (ICE) through Advent Software. Benchmark returns are not covered by the report of independent verifiers.

### DISCLOSURES

**BASIS OF PRESENTATION.** The attached information and index performance has been developed internally and/or obtained from sources, which Vaughan Nelson believes to be reliable; however, Vaughan Nelson does not guarantee the accuracy, adequacy or completeness of such information, nor does it guarantee the appropriateness of any strategy referred to for any particular investor. This document is provided for informational purposes only and should not be construed as advice or a recommendation for purchase or sale of securities. Past performance is not indicative of future results. Steve Henriksen, Chuck Ellis, and Michael Hanna have managed the Limited Maturity since April 2019. The strategy is managed by Steve Henriksen and Chuck Ellis from 1/1/14; and Steve Henriksen since inception.

### DISCLOSURES (CONT.)

**COMPOSITE NOTES.** The composite for each investment strategy has specific criteria in terms of minimum portfolio size, tax status, and discretion. Portfolios meeting the stated criteria are added to the composite as of the first full quarter of investment in that composite's style. Similarly, accounts are removed from the composite after the last full quarter of management under the composite style. A complete list and descriptions of composites is available upon request. The composite results portrayed reflect the reinvestment of dividends, capital gains, and other earnings when appropriate. A complete list and description of composites is available upon request.

**CALCULATION METHODOLOGY.** The composite performance results are time-weighted total returns net of commissions and transaction costs. Valuations and returns are expressed in U.S. dollars. Vaughan Nelson consistently values all portfolios each month on a trade date basis. Additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. No composite accounts hold foreign denominated securities. Net-of-fee returns are calculated utilizing the highest annual fee paid by a client in the strategy. This fee is divided by 12 and subtracted from the gross composite return on a monthly basis to calculate monthly net of fee returns. Quarterly and annual net-of-fee returns are calculated by geometrically linking these monthly returns.

**COMPLIANT STATEMENT.** Vaughan Nelson claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® Standards. Vaughan Nelson has been independently verified for the periods 12/31/97 through 9/30/20. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. The Limited Maturity Fixed Income composite has been examined for the periods 1/1/00 to 12/31/19. The verification and performance examination reports are available upon request.

Model year-end portfolio totals were as follows: 2020 - \$1.4 billion, 2019 - \$1.7 billion, 2018 - \$1.3 billion, 2017 - \$1.5 billion, 2016 - \$1.3 billion, 2015 - \$1.2 billion, 2014 - \$1.1 billion, 2013 - \$1.0 billion, 2012 - \$798 million, 2011 - \$791 million, 2010 - \$915 million.



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