

# Natixis/Vaughan Nelson Select Strategy

Q2 | June 30, 2024

## Manager Overview

Vaughan Nelson Investment Management specializes in value equity investing. The firm employs a bottom-up, fundamental research process that seeks to capitalize on temporary information and liquidity inefficiencies in the equity universe. The firm’s long-term, consistent investment approach draws on its in-depth research capabilities.

**Founded: 1970**

AUM: \$18.1 billion (as of 3/31/24)

**Portfolio team:**

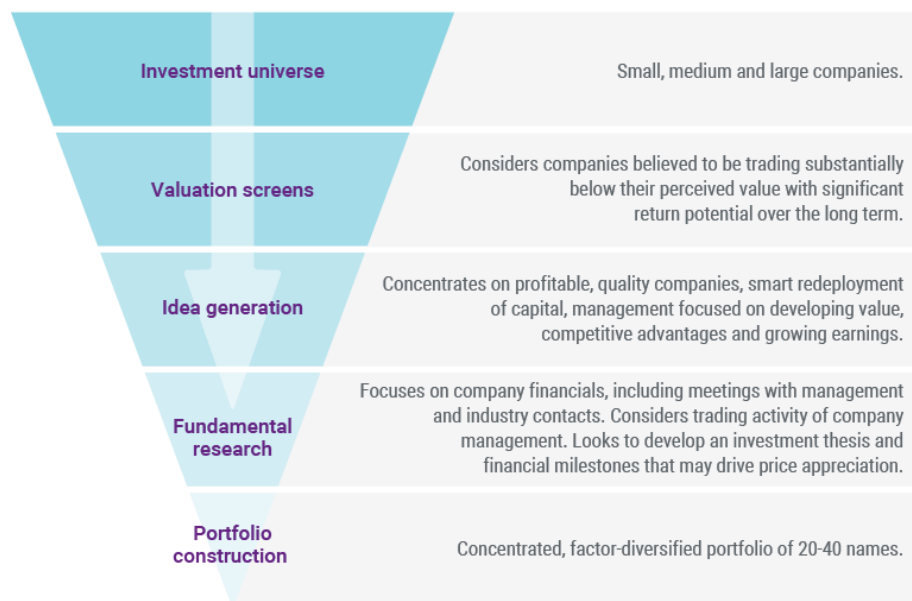
**Chris Wallis, CFA®**, CPA, CEO, CIO, Senior Portfolio Manager; BBA, Baylor University; MBA, Harvard Business School; began investment career in 1998; joined Vaughan Nelson in 1999.

**Scott J. Weber, CFA®**, Lead Senior Portfolio Manager; BS, University of the South; MBA, Tulane University – A.B. Freeman School of Business; began investment career in 1997; joined Vaughan Nelson in 2003.

## Strategy Overview – Investment Philosophy

The portfolio team believes information and liquidity gaps in the small-, mid-, and large-cap universe can create value opportunities and conducts extensive research to determine

- whether a company’s balance sheet supports its current valuation
- if they believe company management can deliver on stated strategy
- how the company creates value



## The Natixis approach

Natixis Advisors, LLC ("Natixis Advisors") manages portfolios based on the specific models and recommendations of Vaughan Nelson Investment Management, the strategy's model portfolio provider. Vaughan Nelson continually adjusts these recommendations based on changing market conditions. Our goal is to mirror these recommendations in portfolios that can be customized to address the tax and cash flow considerations of each investor.

Natixis Advisors is one of the independent affiliated managers comprising Natixis Investment Managers. Natixis Advisors provides discretionary advisory services through its division Natixis Investment Managers Solutions.

Natixis Investment Managers' multi-affiliate approach connects you to the independent thinking and focused expertise of more than 20 active managers. We deliver a diverse range of solutions across asset classes, styles, and vehicles. We're dedicated to advancing sustainable finance and developing innovative ESG products. We consult and partner with our clients, and continually evaluate markets and assumptions to ensure their strategy delivers on long-term goals. Natixis ranks among the world's largest asset management firms<sup>1</sup> (\$1,321.9 billion AUM).<sup>2</sup>

1 Cerulli Quantitative Update: Global Markets 2023 ranked Natixis Investment Managers as the 17th largest asset manager in the world based on assets under management as of December 31, 2022.

2 Assets as of March 31, 2024. Assets under management ("AUM"), as reported, may include notional assets, assets serviced, gross assets, assets of minority-owned affiliated entities and other types of non-regulatory AUM managed or serviced by firms affiliated with Natixis Investment Managers.

## PERFORMANCE OVERVIEW (AS OF 6/30/24)

### Natixis/Vaughan Nelson Select wrap composite<sup>1</sup>

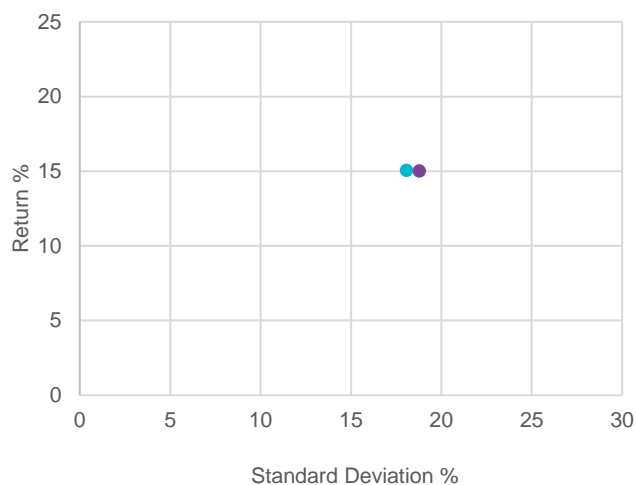
#### Annualized returns<sup>2</sup> %

|                          | 3 month | YTD   | 1 Year | 3 years | 5 years | 10 years | Since inception (9/1/2012) |
|--------------------------|---------|-------|--------|---------|---------|----------|----------------------------|
| Gross of fees            | -2.91   | 6.69  | 12.55  | 8.75    | 15.01   | 12.98    | 15.20                      |
| Net of fees <sup>3</sup> | -3.64   | 5.12  | 9.25   | 5.55    | 11.64   | 9.66     | 11.83                      |
| S&P 500® Index           | 4.28    | 15.29 | 24.56  | 10.01   | 15.05   | 12.86    | 14.29                      |

#### Calendar year returns<sup>2</sup> %

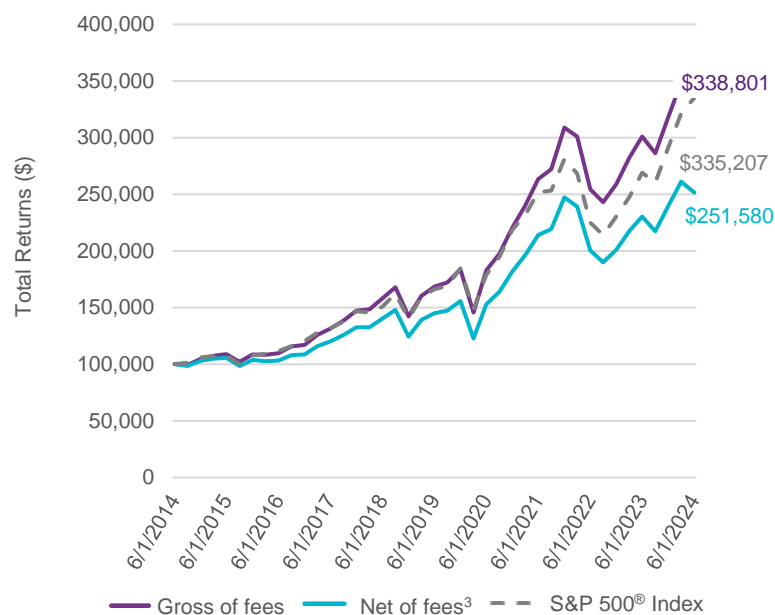
|                          | 2014  | 2015 | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022   | 2023  |
|--------------------------|-------|------|-------|-------|-------|-------|-------|-------|--------|-------|
| Gross of fees            | 12.01 | 3.78 | 7.93  | 25.72 | -3.35 | 29.00 | 20.07 | 40.12 | -16.23 | 22.73 |
| Net of fees <sup>3</sup> | 8.72  | 0.71 | 4.76  | 22.07 | -6.22 | 25.26 | 16.56 | 36.09 | -18.75 | 19.16 |
| S&P 500® Index           | 13.69 | 1.38 | 11.96 | 21.83 | -4.38 | 31.49 | 18.40 | 28.71 | -18.11 | 26.29 |

#### 5-Year Annualized standard deviation and return



- Natixis/Vaughan Nelson Select composite
- S&P 500® Index

#### Hypothetical growth of \$100,000 investment (since inception)



**Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results.** Returns shown are considered to be preliminary and are subject to change. Gross performance does not take into account transaction costs, investment advisory fees, custody fees, or other expenses that were charged to clients' accounts, or deductions for income taxes. Such fees will reduce investment performance over time. Standard deviation measures the risk of a portfolio or market. Indexes are not investments and do not incur fees and expenses and are not professionally managed. It is not possible to invest directly in an index.

<sup>1</sup> Please see the back page for important disclosures and performance information about the Natixis/Vaughan Nelson Select wrap composite.

<sup>2</sup> Performance for less than one year is not annualized.

<sup>3</sup> Net-of-fees performance reflects deduction of a 3% annual fee, the highest wrap program fee applicable to a client account.

<sup>4</sup> Performance is that of a partial year beginning 9/1/12 and ending 12/31/12.

## PORTFOLIO HOLDINGS AND CHARACTERISTICS (AS OF 6/30/24)

### Natixis/Vaughan Nelson Select Strategy

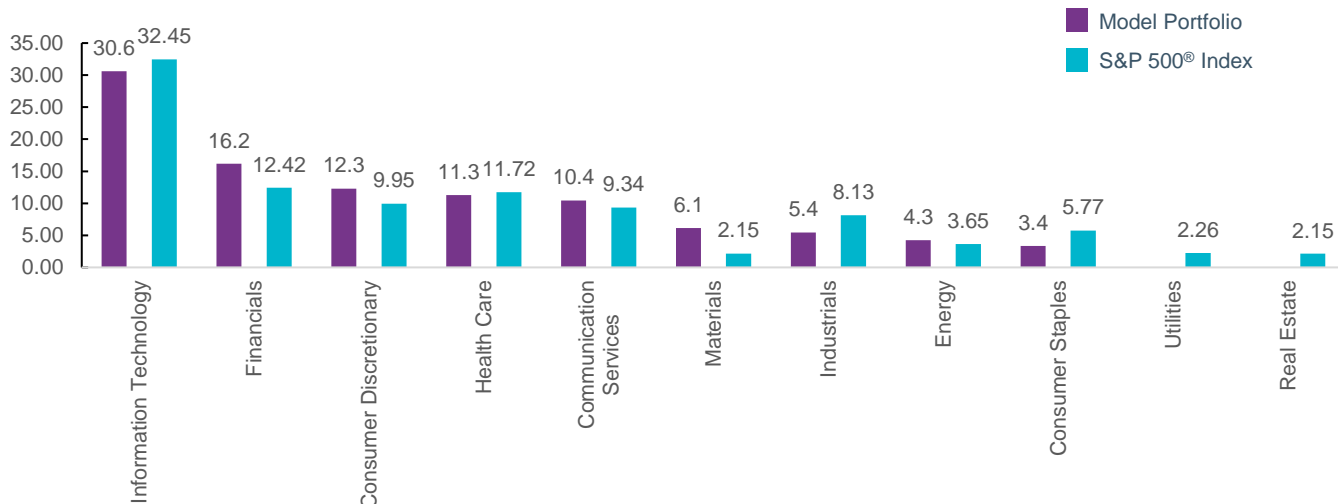
#### Model portfolio top ten holdings

| Company                         | Percentage of total portfolio |
|---------------------------------|-------------------------------|
| Microsoft Corporation           | 7.73                          |
| NVIDIA Corporation              | 7.12                          |
| Alphabet Inc. Class A           | 6.42                          |
| Amazon.com, Inc.                | 6.34                          |
| Monolithic Power Systems, Inc.  | 5.87                          |
| JPMorgan Chase & Co.            | 5.26                          |
| Zoetis, Inc. Class A            | 4.62                          |
| Walt Disney Company             | 4.02                          |
| O'Reilly Automotive, Inc.       | 3.97                          |
| Intercontinental Exchange, Inc. | 3.87                          |

#### Model portfolio characteristics

| Characteristic                            | Model Portfolio | S&P 500® Index |
|---|-----------------|----------------|
| Number of holdings                        | 26              | 503            |
| Weighted average market cap (\$ billions) | 854.16          | 1068.86        |
| Price/earnings ratio (forward 12 months)  | 27.68           | 23.43          |
| Price/book ratio                          | 4.68            | 4.83           |
| Average dividend yield %                  | 0.51            | 1.27           |
| EPS growth rate % (3-5 year estimate)     | 15.93           | 16.21          |
| Turnover rate (2023) %                    | 41.69           | N/A            |

#### Sector allocations %



Source: FactSet.

The above information is for the Natixis/Vaughan Nelson Select model portfolio composite. The model portfolio represents the investment recommendations of the portfolio team as of the date indicated. The holdings, characteristics and performance of your portfolio may be different from the holdings, characteristics and performance information presented in this report. As the portfolio is actively managed, holdings are subject to change. At any date any particular account may include securities not held in the model portfolio. This information should not be considered a recommendation or solicitation by Natixis Advisors or the model portfolio provider to buy or sell any security shown. Investors should not assume that any of the holdings were or will be profitable. Recommendations over the last year are available on request. Indexes do not incur expenses and are not available for direct investment. Significant dispersion may occur among the holdings and performance of the model portfolio, the client accounts managed by Natixis Advisors using the model portfolio, and the accounts managed by the model portfolio provider on a discretionary basis included in the institutional composite for a variety of reasons. Such reasons include differing account sizes, differing cash flows, the timing and terms of execution of trades, individual client needs, and differing tax situations. The characteristics shown are for illustrative purposes only. The projected characteristics are based upon estimates and reflect subjective judgments and assumptions. There can be no assurance that developments will transpire as forecasted and that the estimates are accurate.

Natixis/Vaughan Nelson Select wrap composite (as of calendar year end)

| Year | Total return (gross of fees) % | Total return (net of fees) % | S&P 500® Index % | Number of portfolios in composite | Total composite assets at end of period (\$ mm) | Standard deviation of account returns % | Percentage of total firm assets % |
|------|--------------------------------|------------------------------|------------------|-----------------------------------|---|---|-----------------------------------|
| 2023 | 22.73                          | 19.16                        | 26.29            | 1,301                             | 1590.1  | 0.71                                    | 2.49                              |
| 2022 | -16.23                         | -18.75                       | -18.11           | 1,049                             | 1,131.1   | 0.76                                    | 2.45                              |
| 2021 | 40.13                          | 36.09                        | 28.71            | 872                               | 1,252.6   | 0.57                                    | 2.69                              |
| 2020 | 20.07                          | 16.56                        | 18.4             | 745                               | 811.9   | 0.91                                    | 2.32                              |
| 2019 | 28.99                          | 25.25                        | 31.49            | 767                               | 739.3   | 0.81                                    | 2.65                              |
| 2018 | -3.35                          | -6.22                        | -4.38            | 722                               | 517.7   | 0.62                                    | 2.43                              |
| 2017 | 25.72                          | 22.07                        | 21.83            | 525                               | 410.0   | 0.46                                    | 1.84                              |
| 2016 | 7.94                           | 4.76                         | 11.96            | 395                               | 254.8   | 0.40                                    | 1.38                              |
| 2015 | 3.79                           | 0.73                         | 1.38             | 233                               | 112.1   | 0.33                                    | 0.68                              |
| 2014 | 12.01                          | 8.72                         | 13.69            | 95                                | 36.5  | 0.17                                    | 0.26                              |

Returns shown are preliminary and are subject to change. Performance for periods of less than one year is not annualized. The composite was created in September 2012. **The Natixis/Vaughan Nelson Select wrap composite includes all fully discretionary separate account wrap portfolios managed in the Vaughan Nelson Select style.** Natixis Advisors, LLC defines fully discretionary accounts as accounts in which Natixis Advisors has the unrestricted ability to create and maintain an investment program for each account in a manner consistent with the client investment objectives. Accounts are included in the composite in the first full calendar month after management begins. Closed accounts remain in the composite through the last full month under management. The composite includes all discretionary separately managed accounts (i.e., wrap or non-commission-paying accounts) managed in the Natixis/Vaughan Nelson Select strategy and subadvised by Vaughan Nelson Investment Management. All accounts are included regardless of size, tax status, or client-imposed restrictions. Performance is expressed in US dollars. Returns are calculated on a total-return basis (appreciation and income), include cash equivalents, and are time weighted using average capital base monthly valuations. Quarterly returns are calculated by linking monthly composite returns through compound multiplication, and annual returns are calculated by linking quarterly returns. Leverage is not used in the composite. Gross performance does not take into account transaction costs, investment advisory fees, custody fees, or other expenses that were charged to clients' accounts or deductions for income taxes. Such fees will reduce investment performance over time. Net returns reflect the deduction of a 3% annual fee, which is the highest wrap program fee applicable to a client account. Standard deviation measures the consistency of the composite's performance results with respect to the individual portfolio returns within the composite. Only portfolios that have been managed for the full year are included in the standard deviation calculation. A complete list and description of the firm's composites are available upon request.

**Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results.** Performance of the Natixis/ Vaughan Nelson Select wrap composite and the S&P 500® Index reflects the reinvestment of dividends and other earnings. S&P 500® Index is a widely recognized measure of U.S. stock market performance. It is an unmanaged index of 500 common stocks chosen for market size, liquidity, and industry group representation, among other factors. It also measures the performance of the large cap segment of the US equities market. The securities holdings of the composite may differ materially from those of the index used for comparative purposes. Indexes are not investments and do not incur fees and expenses and are not professionally managed. It is not possible to invest directly in an index. Natixis Advisors will combine the investment recommendations from the model portfolio provider with the ability to customize individual portfolios to meet clients' specific needs, such as cash flows, tax issues and other considerations. In most cases, Natixis Advisors expects to invest substantially in line with the recommendations provided by the model portfolio provider in an effort to seek best overall execution. Significant dispersion may occur among the holdings and performance of the model portfolio, the client accounts managed by Natixis Advisors using the model portfolio, and the accounts managed by the model portfolio provider on a discretionary basis included in the institutional composite for a variety of reasons. Such reasons include differing account sizes, differing cash flows, the timing and terms of execution of trades, individual client needs, and differing tax situations.

**Investment Risks:** All securities are subject to risk, including possible loss of principal. Please read the risks associated with each investment prior to investing. Detailed discussions of each investment's risks are included in Part 2A of each firm's respective Form ADV. The investments highlighted in this presentation may be subject to certain additional risks. The views and opinions expressed may change based on market and other conditions. This material is provided for informational purposes only and should not be construed as investment advice. There can be no assurance that developments will transpire as forecasted. Actual results may vary. This document may contain references to third party copyrights, indexes, and trademarks, each of which is the property of its respective owner. Such owner is not affiliated with Natixis Investment Managers or any of its related or affiliated companies (collectively "Natixis") and does not sponsor, endorse or participate in the provision of any Natixis services, funds or other financial products. The index information contained herein is derived from third parties and is provided on an "as is" basis. The user of this information assumes the entire risk of use of this information. Each of the third party entities involved in compiling, computing or creating index information disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to such information.

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Natixis Advisors, LLC provides advisory services through its division Natixis Investment Managers Solutions. Discretionary advisory services are generally provided with the assistance of model portfolio providers, some of which are affiliates of Natixis Investment Managers, LLC.

Natixis Distribution, LLC is a limited purpose broker-dealer and the distributor of various registered investment companies for which advisory services are provided by affiliates of Natixis Investment Managers. Natixis Distribution, LLC and Vaughan Nelson Investment Management L.P. are affiliated.

Natixis Distribution, LLC and Natixis Advisors, LLC are located at 888 Boylston Street, Suite 800, Boston, MA 02199-8197. 800-862-4863. im.natixis.com.