

MID CAP SMA



2Q 2026 Strategy Fact Sheet

Vaughan Nelson Value Opportunity Strategy - Historical Performance (%)

(Strategy Composite Returns Displayed for Illustrative Proxy Performance)

Past performance is no guarantee of future results.

	2Q 2026	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since 6/30/2006
Value Opportunity Strategy Composite (Gross)	21.72	24.89	36.04	23.51	13.39	15.25	13.19	11.08
Value Opportunity Strategy Composite Portfolio (Net)	21.48	24.38	34.91	22.48	12.44	14.29	12.24	10.12
Russell Midcap Value Index	13.40	17.58	26.62	16.51	9.48	11.35	10.63	9.20

Performance shown is for the Vaughan Nelson Value Opportunity Strategy composite, not the actual Mid Cap SMA. The Value Opportunity Strategy and Mid Cap SMA use the same investment model, research process, and portfolio management team; however, SMA results may differ due to platform guidelines, account restrictions, implementation timing, cash flows, and applicable fees. There is no assurance that the Mid Cap SMA would have achieved similar results.

All periods longer than 12 months are annualized. See disclosures on last page. Source: GPS.

Manager Commentary

Market Overview

Globally equity markets experienced a strong second quarter, with the S&P 500 Index and MSCI EAFE Index climbing 15.20%, and 10.82%, respectively and the Russell 2000 Value Index appreciating 17.19%. A powerful rally in semiconductors, memory, AI Infrastructure, and microcap stocks led the rally as the market embraced the continued acceleration in AI investment. This led to very narrow market conditions, as the gains in AI related stocks were offset by a selloff in shares negatively exposed to rising commodity prices, rising interest rates, and stocks perceived as net losers from the broad adoption of AI tool sets and agents.

Once oil prices began to fall, future inflation expectations declined rapidly allowing for a rally in the 10-year U.S. treasury a narrowing of term premium and a broadening in the equity market rally. As we begin the third quarter, we expect headline inflation to moderate, while core inflation across the G7 and China may firm over the medium term; however, inflation trends remain subject to changing economic conditions and policy decisions. On a quarterly sequential basis economic growth should begin to slow in the third quarter, which will lessen pressure on the Federal Reserve to further increase interest rates. We do not anticipate any material increases or decreases in interest rates over the next several quarters.

Portfolio Positioning

As a result of buys and sells and market action, the portfolio is overweight Industrials, Information Technology, Consumer Discretionary, and Utilities while underweight Financials, Health Care, Real Estate, Consumer Staples, Communication Services, Materials, and Energy.

Contributors to Performance

During the quarter, the portfolio experienced positive absolute and positive relative performance. Positive relative performance was driven by Information Technology, Industrials, Materials, Consumer Staples, Energy, Communication Services, Real Estate, and Financials. Detractors for the quarter were Utilities, Health Care, and Consumer Discretionary.

"We believe investing is about **offsetting future obligations**, not just having market exposure."

2Q 2026 MID CAP SMA - Vaughan Nelson Value Opportunity Strategy

Value Opportunity Strategy data shown as representative information for the Mid Cap SMA; not actual SMA characteristics.

Strategy Characteristics

	Strategy	Russell Midcap Value Index
Number of Holdings	58	719
Wtd Avg Mkt Cap (\$B)	54.37	28.22
Price/Book*	4.48	2.42
Est. 3-5 Yr EPS Growth (%)*	16.81	11.65
P/E NTM*	22.48	15.17
ROA (%)*	7.63	6.22
ROE (%)*	16.38	13.46
Dividend Yield (%)*	0.87	1.74

* Calculated gross-of-fees.
Source: FactSet

Risk Reward*

	Strategy	Russell Midcap Value Index
Beta	0.94	1.00
Sharpe Ratio	0.56	0.34
Information Ratio	0.61	N/A
R-Squared	0.87	1.00
Standard Deviation (%)	17.28	17.06

* Annualized 5-years ending 6/30/2026; calculated gross-of-fees.
Source: eVestment

Strategy Sector Weightings (%)*

	Strategy	Russell Midcap Value Index
Industrials	37.77	17.62
Information Technology	20.88	10.21
Consumer Discretionary	15.63	8.11
Utilities	12.51	7.27
Energy	4.97	6.43
Materials	4.38	6.47
Financials	2.85	16.76
Health Care	0.54	10.41
Real Estate	0.47	8.28
Communication Services	-	2.76
Consumer Staples	-	5.69

* Excludes 1.07% cash. Due to rounding, totals may not equal 100%.
Sector weightings subject to change.
Source: FactSet

Top Ten Holdings*

	% Total Strategy		% Total Strategy
Marvell Technology	3.89	WEC Energy Group	3.06
Hubbell	3.63	CMS Energy	3.02
Sandisk	3.24	Curtiss-Wright	2.89
Evergny	3.22	Burlington Stores	2.77
Alliant Energy	3.21	Royal Caribbean Cruises	2.50

* Excludes 1.07% cash. Strategy holdings subject to change.
Source: FactSet

Additions To Strategy

ATI	Generac Holdings
Littelfuse	Moog Class A
Okta Class A	Regal Rexnord
Republic Services	Rollins
Saia	Vicor
nVent Electric plc	

Source: FactSet

Deletions From Strategy

Allegion Public	Helios Technologies
Herc Holdings	Lincoln Electric Holdings
Masco	Parker-Hannifin
Republic Services	Rollins
Talen Energy	Vertiv

Source: FactSet

The characteristics, holdings, and portfolio data shown reflect the Vaughan Nelson Value Opportunity Strategy, which is managed using the same investment model, research process, and portfolio management team as the Vaughan Nelson Mid Cap SMA. While the strategies share the same underlying investment approach, the Mid Cap SMA is subject to platform-specific guidelines, implementation timing, and fee structures, which may result in differences in performance results

VAUGHAN NELSON EQUITY TEAM

LEAD PORTFOLIO MANAGER



Dennis Alff, CFA
Senior Portfolio Manager

- 29 years investment management and research experience
- Began investment and research career in 1996
- Joined Vaughan Nelson in 2006
- M.B.A., Harvard Business School, 1998
- B.S., United States Military Academy, 1993

PORTFOLIO MANAGER



Sundeep Khanna, CFA
Portfolio Manager

- 21 years investment management and financial analysis experience
- Began investment career in 2005
- Joined Vaughan Nelson in 2020
- B.S., The University of Texas, 2005

RESEARCH TEAM



Forbes Dumas
Associate, U.S.

- 9 years financial analysis experience
- M.S., Southern Methodist University, 2017
- B.A., Southern Methodist University, 2016



Keller Horlock
Associate, U.S.

- 1 year financial analysis experience
- B.B.A., The University of Texas at Austin, 2025

CIO TEAM



Chris Wallis, CFA, CPA
CEO and CIO
Senior Portfolio Manager

- 34 years investment management / financial analysis and accounting experience
- M.B.A., Harvard Business School, 1998
- B.B.A., Baylor University, 1991



Adam Rich, CFA
Deputy CIO
Portfolio Manager

- 16 years investment management and research experience
- B.S., Brigham Young University, 2010

CAPITAL ALLOCATION TEAM



Ben Eckert
Junior Associate

- 1 year financial analysis experience
- B.B.A., Baylor University, 2025

Will Taylor
Junior Associate

- B.B.A., Baylor University, 2026



Isabella Thomsen
Junior Associate

- 1 year financial analysis experience
- M.S., Vanderbilt University, 2025
- B.B.A., Stetson University, 2024

RISK TEAM



William Wojciechowski, PhD
Chief Risk Officer, Portfolio and Risk Analysis

- 24 years investment management and financial analysis experience
- Ph.D., Rice University, 2001
- M.A., Rice University, 1999
- M.S., West Virginia University, 1996
- B.S., Carnegie Mellon University, 1992



Sarah Lai
Associate, Portfolio and Risk Analysis

- 1 year portfolio and risk analysis experience
- M.S., Rice University, 2024
- B.A., The University of Texas at Austin, 2023



Isabelle Long
Associate, Portfolio and Risk Analysis

- 4 years portfolio and risk analysis experience
- M.B.A., Texas A&M University, 2024
- B.S., Texas A&M University, 2022

ABOUT VAUGHAN NELSON

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

- Headquarters: Houston, Texas
- Founded: 1970
- Firm Assets: \$16.2 Billion*
- Domestic equity, international equity, and fixed income strategies
- 54 employees
- 27 investment team professionals
- 12 Chartered Financial Analyst designations

** 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 \$2.9 billion as of 6/30/26.*

MID CAP SMA: NOTES AND DISCLOSURES

NOTES

COMPOSITE DESCRIPTION. This composite is comprised of all fee paying, discretionary Value Opportunity portfolios with a minimum of \$1 million under management. Value Opportunity is defined as a security having a market capitalization within the capitalization range of \$1 billion to \$20 billion at time of initial purchase. The primary benchmark is the Russell Midcap® Value Index. The Russell Midcap® Value Index measures the performance of the mid-cap value segment of the U.S. equity universe. It includes those Russell Midcap® Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell Midcap® Value Index is constructed to provide a comprehensive and unbiased barometer of the mid-cap value market. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap value market. The secondary benchmark is Russell 2500® Value Index. The Russell 2500® Value Index measures the performance of the small to mid-cap value segment of the U.S. equity universe. It includes those Russell 2500® companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2500® Value Index is constructed to provide a comprehensive and unbiased barometer of the small to mid-cap value market. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small to mid-cap opportunity set and that the represented companies continue to reflect value characteristics. Frank Russell Company ("Russell") is the source and owner of Russell Index data contained herein. Any further dissemination of the data is strictly prohibited. Russell is not responsible for any inaccuracy in this presentation. Composite creation and inception date is June 2006. **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.** Value Opportunity Fee Schedule: .85% on the first \$10 million, .75% on the next \$15 million, .70% on the next \$25 million, .65% on assets over \$50 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 gross portfolio returns 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). 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. The strategy is managed by Dennis Alff, Sundeep Khanna, and Chris Wallis from 12/31/24, Dennis Alff, Chad Fargason, and Chris Wallis from 12/31/18; Dennis Alff, Chad Fargason, Chris Wallis, and Scott Weber from 9/30/13; and Dennis Alff, Chris Wallis, and Scott Weber since 6/30/06. **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 list of all composites and pooled fund investment strategies offered by the firm, with a description of each strategy, is available upon request. The composite results portrayed reflect the reinvestment of dividends, capital gains, and other earnings when appropriate. The three-year annualized standard deviation measures the variability of the composite (using gross-of-fee returns, and the benchmark returns over the preceding 36-month period). **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 the GIPS Report 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 9/30/25. A firm that claims compliance with the GIPS® standards must establish policies and procedures for complying with all the applicable requirements of the GIPS® standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS® standards and have been implemented on a firm-wide basis. The Value Opportunity composite has had a performance examination for the periods 7/1/06 to 12/31/24. The verification and performance examination reports are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Model year-end portfolio totals were as follows: 2025 - \$2.9 billion, 2024 - \$3.0 billion, 2023 - \$2.5 billion, 2022 - \$1.8 billion, 2021 - \$2.0 billion, 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.

* Partial year return. Inception date of 6/30/06.

** 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 \$2.9 billion as of 6/30/26. This information is supplemental to the Value Opportunity GIPS Report.

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