

# Vaughan Nelson Select Fund

A high conviction, high active share concentrated equity strategy

## Portfolio highlights

- A large-cap focused, concentrated equity strategy benchmarked to the S&P 500<sup>®</sup> Index<sup>2</sup> that seeks targeted returns through a disciplined investment process.
- High active share<sup>4</sup> portfolio, constructed using bottom-up fundamental analysis with security selection acting as the largest source of alpha.<sup>5</sup>
- Utilizes three primary return drivers to generate alpha<sup>5</sup> throughout the full business cycle.
  - **Undervalued Growth:** companies with a competitive advantage, stable to improving return on capital and future growth that is not properly reflected in the market price.
  - **Undervalued Assets:** companies priced at a discount to asset value with an identifiable catalyst to close the valuation gap.
  - **Undervalued Dividend:** stocks with a high, secure dividend yield (typically 10% or higher) and minimal perceived downside risk.
- Integrates a robust proprietary risk management model with portfolio management to maintain a diversified exposure to risk factors similar with that of the S&P 500<sup>®</sup> Index.<sup>2</sup>

## Portfolio applications

For investors seeking a high active share, concentrated US equity portfolio in the large cap equity universe

Potential alpha generating portfolio, based on bottom-up fundamental analysis and security selection

A portfolio that seeks to source returns from multiple investment categories, allowing for the potential to generate alpha in different market environments

Preference for a portfolio that targets companies seeking to have better earnings growth, quality of returns and lower earnings variability

Diversification measured by granular factor exposures in addition to industry and sector risk factors



## ABOUT THE FUND

### Objective

Seeks long-term capital appreciation

### Portfolio manager(s)<sup>1</sup>

Chad D. Fargason, PhD  
 Scott J. Weber, CFA<sup>®</sup>  
 Dennis G. Alff, CFA<sup>®</sup>  
 Chris D. Wallis, CFA<sup>®</sup>

### Inception date

06/29/2012

### Share classes

Class A	VNSAX
Class Y	VNSYX
Class N	VNSNX
Class C	VNSCX

### Benchmark(s)<sup>2</sup>

S&P 500<sup>®</sup> Index

### Expense ratios (gross/net)<sup>3</sup>

VNSAX	1.36%	1.29%
VNSYX	1.10%	1.04%
VNSNX	13.63%	0.99%
VNSCX	2.10%	2.04%

<sup>1</sup> CFA<sup>®</sup> and Chartered Financial Analyst<sup>®</sup> are registered trademarks owned by the CFA Institute. <sup>2</sup> S&P 500<sup>®</sup> 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. <sup>3</sup> As of the most recent prospectus, the investment advisor has contractually agreed to waive fees and/or reimburse expenses (with certain exceptions) once the expense cap of the fund has been exceeded. This arrangement is set to expire on 3/31/20. When an expense cap has not been exceeded, the gross and net expense ratios and/or yields may be the same. <sup>4</sup> Active share indicates the proportion of portfolio's holdings that are different from the benchmark. A higher active share indicates a larger difference between the benchmark and the portfolio. <sup>5</sup> Alpha is a measure of the difference between a portfolio's actual returns and its expected performance, given its level of systematic market risk. A positive alpha indicates outperformance and negative alpha indicates underperformance relative to the portfolio's level of systematic risk.

## Philosophy, process, and risk management

Vaughan Nelson seeks to take advantage of temporary information and marketplace inefficiencies across the market capitalization range to find opportunities to invest in companies at valuations materially below their long-term intrinsic value.

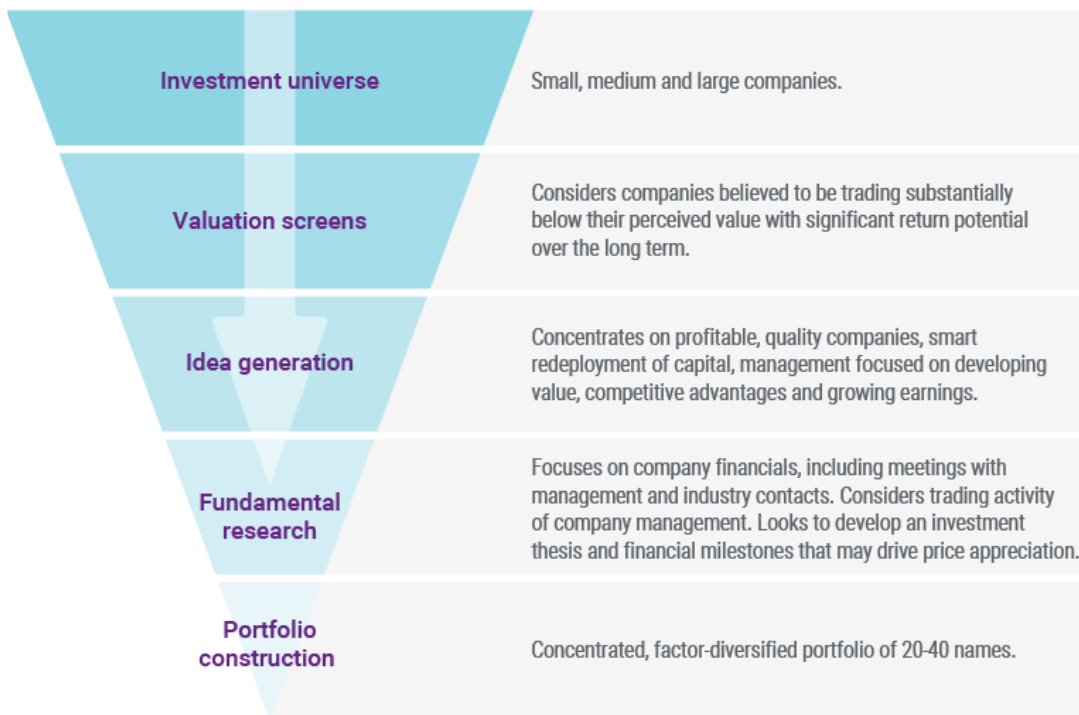
The investment team does intensive financial analysis with an emphasis on balance sheets and cash flow metrics to determine intrinsic value and mispriced securities. Portfolio construction is driven by bottom-up fundamental analysis, but each investment is considered in the context of the broader macroeconomic environment. All investments are further evaluated for their impact on the portfolio to ensure diversification across a number of risk variables.

Vaughan Nelson believes that sector allocation alone is insufficient in determining a portfolio's diversification and risk profile. Instead, the focus is on factor exposure, which provides a more granular view of a portfolio's positioning and biases. The factor-based risk analysis ensures that the high active share portfolio maintains a factor mosaic similar to the universe against which it competes.



Vaughan Nelson Investment Management specializes in US equities with a focus on targeted return. The firm employs a bottom-up, fundamental research process to capitalize on temporary information and liquidity inefficiencies in equities markets. The firm's long-term, consistent approach draws on in-depth research and consistent process across all market capitalizations.

## Disciplined investment process



**RISKS: Equity securities** are volatile and can decline significantly in response to broad market and economic conditions. **Non-diversified funds** invest a greater portion of assets in fewer securities and therefore may be more vulnerable to adverse changes in the market. **Options** may be used for hedging purposes, but also entail risks related to liquidity, market conditions and credit that may increase volatility. The value of the Fund's positions in options may fluctuate in response to changes in the value of the underlying asset. Selling call options may limit returns in a rising market. **Value investing** carries the risk that a security can continue to be undervalued by the market for long periods of time.

**Before investing, consider the fund's investment objectives, risks, charges, and expenses. Visit [im.natixis.com](http://im.natixis.com) or call 800-225-5478 for a prospectus or a summary prospectus containing this and other information. Read it carefully.**

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