

# Vaughan Nelson Small Cap Value Fund\*

Q1 • March 31, 2021

## Fund Highlights<sup>1</sup>

- A small-cap value fund seeking to capitalize on temporary information and liquidity inefficiencies in the small-cap universe to pursue strong risk-adjusted returns
- Follows a research-intensive investment process emphasizing balance sheets and income statement metrics to uncover value
- May be suitable for investors seeking greater portfolio diversification through exposure to value-oriented, small-cap stocks

## Average annualized total returns<sup>†</sup> (%)

	3 months	YTD	1 year	3 years	5 years	10 years
Class Y	12.22	12.22	74.69	10.10	10.86	10.01
Class A at NAV	12.16	12.16	74.26	9.82	10.59	9.74
Class A with 5.75% maximum sales charge	5.70	5.70	64.25	7.67	9.30	9.09
Russell 2000® Value Index <sup>4</sup>	21.17	21.17	97.05	11.57	13.56	10.06

## Calendar year returns (%)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Class Y	-3.54	15.18	39.43	9.04	-0.05	20.53	6.60	-14.61	24.88	9.23
Russell 2000® Value Index <sup>4</sup>	-5.50	18.05	34.52	4.22	-7.47	31.74	7.84	-12.86	22.39	4.63

## Fund Facts

### Objective

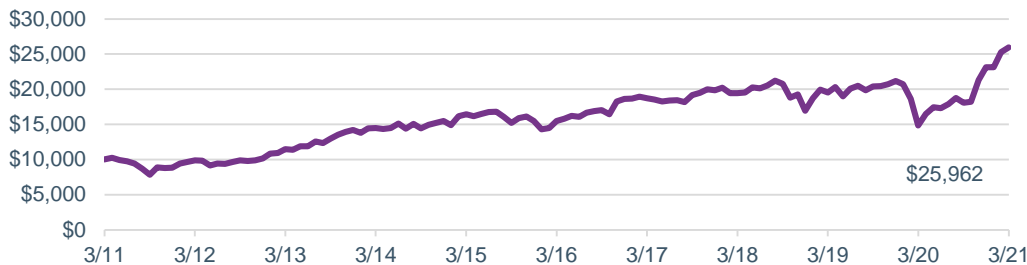
Seeks capital appreciation

Share Class	Ticker	Cusip
Class Y	NEJYX	63872R-72-3
Class A	NEFJX	63872R-75-6
Class C	NEJCX	63872R-73-1
Class N	VSCNX	63872R-37-6

Class A maximum sales charge of 5.75%  
Class C maximum CDSC of 1.00%

Total net assets	\$134.2 million
Inception date	12/31/1996
Number of holdings	54
Turnover as of 12/31/2020	105%
Distribution frequency	Annual
Gross Expense Ratios (Y/A) <sup>2</sup>	1.27%/1.51%
Net Expense Ratios (Y/A) <sup>2</sup>	1.09%/1.34%

## Investment return – Hypothetical growth of \$10,000 investment<sup>3</sup>



\* Effective March 31, 2020, the Vaughan Nelson Small Cap Value Fund has re-opened to new investors.

Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results. Total return and value will vary, and you may have a gain or loss when shares are sold. Current performance may be lower or higher than quoted. For most recent month-end performance, visit [im.natixis.com](http://im.natixis.com).

Performance for other share classes will be greater or less than shown based on differences in fees and sales charges. You may not invest directly in an index.

<sup>†</sup> Performance for periods less than one year is cumulative, not annualized. Returns reflect changes in share price and reinvestment of dividends and capital gains, if any.

<sup>1</sup> Diversification does not assure a profit nor protect against loss. <sup>2</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 limitation of the fund has been exceeded. This arrangement is set to expire on 04/30/2022. When an expense limitation has not been exceeded, the gross and net expense ratios and/or yields may be the same. <sup>3</sup> This chart tracks the hypothetical growth of a \$10,000 investment in Class Y shares. Investment returns would be lower for Class A share investments, which are subject to higher fees and may also include sales charges.

Not all share classes are available for purchase by all investors. Class Y shares are available to institutional investors with a minimum initial investment of \$100,000 and through certain wrap-fee programs, retirement plans and investment advisory accounts with no minimum. See the prospectus for more details.

## Portfolio Overview

Sector breakdown<sup>5</sup>

Sector	% of Portfolio
Industrials	31.10
Information Technology	20.18
Materials	10.77
Financials	9.69
Consumer Discretionary	9.50
Energy	4.75
Consumer Staples	3.64
Communication Services	3.38
Real Estate	2.84
Health Care	1.57

## Fund statistics

Beta vs. Russell 2000® Value Index <sup>6, 8</sup>	0.86
R-Squared vs. Russell 2000® Value Index <sup>7, 8</sup>	93.5
Standard Deviation (%) <sup>8</sup>	24.1
Active Share <sup>9</sup>	94.7
P/E (Trailing) Ratio <sup>10</sup>	24.7
P/B Ratio <sup>11</sup>	2.8
Median market cap <sup>12</sup>	\$3.9 billion

Top ten equity holdings<sup>13</sup>

Company	% of Portfolio
1. LPL Financial Holdings, Inc.	3.91
2. Insight Enterprises, Inc.	3.78
3. Axalta Coating Systems Ltd.	3.19
4. Univar Solutions, Inc.	3.15
5. Element Solutions, Inc.	3.03
6. Builders FirstSource, Inc.	2.94
7. Sunstone Hotel Investors, Inc.	2.86
8. Fabrinet	2.80
9. International Game Technology PLC	2.74
10. MKS Instruments, Inc.	2.63



## Manager Overview

## Investment Manager

Vaughan Nelson Investment Management specializes in US, international and emerging market 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 a similar investment process across all geographic regions and market capitalizations.

**Headquarters:** Houston, TX

**Founded:** 1970

**Assets under management:** \$12.4 billion (as of 12/31/2020)<sup>14</sup>

Portfolio Managers<sup>15</sup>

**Stephen A. Davis, CFA®**  
**Chris D. Wallis, CFA®, CPA®**

## Risks

**Equity securities** are volatile and can decline significantly in response to broad market and economic conditions. **Smaller company investments** can be more volatile than those of larger companies. **Value investing** carries the risk that a security can continue to be undervalued by the market for long periods of time. **Short selling** is speculative in nature and involves the risk of a theoretically unlimited increase in the market price of the security that can, in turn, result in an inability to cover the short position and a theoretically unlimited loss.

<sup>4</sup> Russell 2000® Value Index is an unmanaged index that measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth values. <sup>5</sup> Source: GICS Sectors via FactSet Research Systems Inc. Cash and Unassigned allocations are not included. <sup>6</sup> Beta is calculated for the three-year period and represents the risk associated with the fund relative to market risks. For example, the market has a beta of 1.00, so if a fund has a beta of 0.85, it can be expected to be 15% less volatile than the overall market. Conversely, if a fund has a beta of 1.08, it can be expected to be 8% more volatile than the overall market. <sup>7</sup> R-squared is calculated for the three-year period and represents the percentage of the fund's movements that can be explained by the movements of the market. For example, index funds will tend to have R-squared values very close to 100. <sup>8</sup> Standard deviation measures the risk of a portfolio or market. Beta, R-squared and standard deviation are calculated on a monthly basis for the three-year annualized period as of the most recent quarter-end. <sup>9</sup> Active share indicates the proportion of a portfolio's holdings that are different from the benchmark. A higher active share indicates a larger difference between the benchmark and the portfolio. <sup>10</sup> P/E (Trailing) Ratio is the weighted harmonic average of the price-to-earnings (P/E) ratios of all the stocks in the portfolio. P/E ratio is the ratio of a stock's price to its earnings per share for the trailing twelve months. Does not include options. This excludes negative earnings. <sup>11</sup> P/B Ratio is the weighted harmonic average of the price-to-book (P/B) ratios of all the stocks in the portfolio. P/B ratio is the ratio of a stock's price to its book value per share. This excludes negative earnings. <sup>12</sup> Median market cap provides a measure of the market capitalization value of all the stocks in the portfolio. Market capitalization reflects the total market value of a company, as calculated by multiplying the current share price by the number of outstanding shares. <sup>13</sup> The portfolio is actively managed and holdings are subject to change. References to specific securities or industries should not be considered a recommendation. For current holdings, please visit our website. <sup>14</sup> Assets under management ("AUM"), as reported, may include notional assets, assets serviced, gross assets and other types of non-regulatory AUM. <sup>15</sup> CFA® and Chartered Financial Analyst® are registered trademarks owned by the CFA Institute.

**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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