

## December 2023 Fact Sheet

This report is for the unlisted and quoted class of units in the Vaughan Nelson Global Equity SMID Fund ('Fund')

- Vaughan Nelson Global Equity SMID Fund is the unlisted class of units
- Vaughan Nelson Global Equity SMID Fund (Quoted Managed Fund) is the quoted class of units (ASX: VNGS)

### Strategy Highlights

**Best ideas portfolio** - Based on deep fundamental research, our team has high conviction in the companies selected for this portfolio.

**Focus on targeted return** - Built on investments we have identified with the ability, in our view, to generate attractive returns over the longer-term.

**We trade time for value** - Exploits short-term volatility and poor short-term price discovery due to the fund's longer time horizon.

**SMID cap expertise** - Managed by a global team with deep research expertise and strong capital allocation track record.

### Objective

The Fund aims to outperform its MSCI ACWI SMID Cap Index benchmark (after fees and expenses and before taxes) on a rolling five-year basis.

### Global Equity SMID Fund Performance as at December 31, 2023

Total Return	1 month	3 month	6 month	1 Year	Since inception <sup>1</sup>
Fund	5.0%	4.8%	4.9%	16.7%	7.7%
Quoted Managed Fund	5.0%	4.8%	4.9%	16.7%	7.7%
MSCI ACWI SMID Cap Net Index	4.7%	5.6%	5.0%	15.3%	9.0%

<sup>1</sup>Since inception returns calculated from 31 May 2022. Fund returns are calculated using the net asset value per unit at the start and end of the relevant period in AUD, net of management fees, and assuming all distributions are re-invested. Investors should be aware that past performance is not a reliable indicator of future performance. Returns can be volatile, reflecting rises and falls in the value of underlying investments.

### Fund Facts

Assets	\$22.8 M
Investment Horizon	4-5 years
Distributions	Generally annually
Management fee*	1.12%
Performance fee	N/A
Inception date	1 June 2022

\*Inclusive of the net effect of GST

#### Global Equity SMID Fund

APIR	IML1199AU
Application price	1.1261
Redemption price	1.1227

#### Global Equity SMID Fund (Quoted Managed Fund)

APIR	IML9286AU
ASX ticker	VNGS
NAV	2.8104

### Global Equity SMID Strategy Performance as at December 31, 2023

The investment strategy of the Fund has been designed to replicate that of the Vaughan Nelson Global SMID Strategy which is a separate investment vehicle offered to qualified investors by the Fund Manager, Vaughan Nelson Investment Management, L.P. Given the Fund is new, the table below summarises the recent performance of the Strategy, which may be a useful reference point for the Fund. However, you should be aware that the Fund itself is new and has limited performance history – the past performance information below is NOT the past performance of the Fund. Past performance is not a reliable indicator of future performance.

Total Return	1 month	3 months	6 months	1 year	2 years <sup>^</sup>	3 years <sup>^</sup>	Since inception <sup>^1</sup>
Global SMID Strategy	5.0%	4.9%	5.0%	17.0%	-0.9%	10.0%	14.4%
MSCI ACWI SMID Cap Net Index	4.7%	5.6%	5.0%	15.3%	0.2%	7.4%	11.1%

<sup>^</sup>% Performance per annum. <sup>1</sup>Since inception returns calculated from 30 June 2020. Fund returns are calculated using the net asset value per unit at the start and end of the relevant period in AUD, net of management fees, and assuming all distributions are re-invested. Investors should be aware that past performance is not a reliable indicator of future performance. Returns can be volatile, reflecting rises and falls in the value of underlying investments.

## Quarterly Manager Commentary

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### Market Overview

After a weak start to the quarter, global equities rallied strongly in December due to increased investor confidence that the Fed and other central banks are done raising interest rates and that interest rate cuts are likely in the first half of 2024. Importantly, disinflationary pressures, stable economic growth and improved global liquidity from falling bond yields and seasonal factors provided fuel to the move in equities. We continue to believe that the stage is set for global growth to weaken in the first half of 2024, followed by stability and an improvement in growth in the back half of the year. These factors should provide the Fed enough room to potentially cut rates by mid-2024, although we think these cuts may come later than expected by some market participants. The European Central Bank and others are likely to follow the Fed's path, if inflationary conditions stay subdued enough to provide them with the flexibility to do so.

### Fund Commentary

During the quarter, through a combination of market action and trading, we decreased our portfolio weightings in the United Kingdom, Norway, the United States and France, while increasing our weightings in Japan, Canada, Germany, South Korea, and Sweden. At the sector level, our weightings in Materials, Healthcare, Information Technology, and Consumer Discretionary increased, while our weightings in Industrials, Financials, and Real Estate decreased. Consistent with our process, these country and sector level changes were the result of decisions made at the individual holding level, to shift capital to where we see the most attractive asymmetric payoff profiles. We continue to reallocate capital into new names that we believe have become oversold and have limited downside from current levels and substantial upside over the next three years. We expect to have ongoing opportunities to deploy capital into attractive names as recent market volatility is likely to continue.

## About Vaughan Nelson

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Founded in 1970 with a Houston-based HQ, today we manage US \$15.1 billion, as at 30 June 2023, of equity and fixed income portfolios for non-profit, public and corporate plans and individuals. Our investment process focuses on targeted returns designed to help our clients meet their future obligations.

Vaughan Nelson is an affiliate of global asset management company Natixis Investment Managers.

# GLOBAL EQUITY SMID FUND



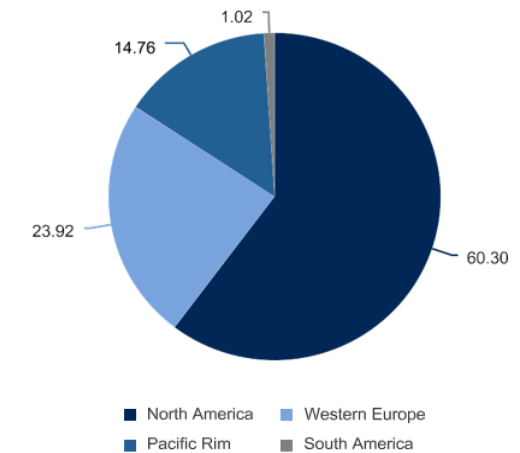
## Portfolio Data

as at December 31, 2023

Top 10 Holdings	Country	Sector	% of Portfolio
Element Solutions Inc	United States	Materials	3.39
Insight Enterprises Inc	United States	Information Technology	3.10
Monolithic Power Systems Inc	United States	Information Technology	2.45
Skyline Champion Corp	United States	Consumer Discretionary	2.15
Globus Medical Inc	United States	Health Care	2.13
Western Alliance Bancorp	United States	Financials	2.10
Alamo Group Inc	United States	Industrials	2.07
Saia Inc	United States	Industrials	2.05
Core & Main Inc	United States	Industrials	2.04
Zions Bancorp NA	United States	Financials	2.03

Excludes cash of 3.29%

## Fund Geographic Weightings (%)



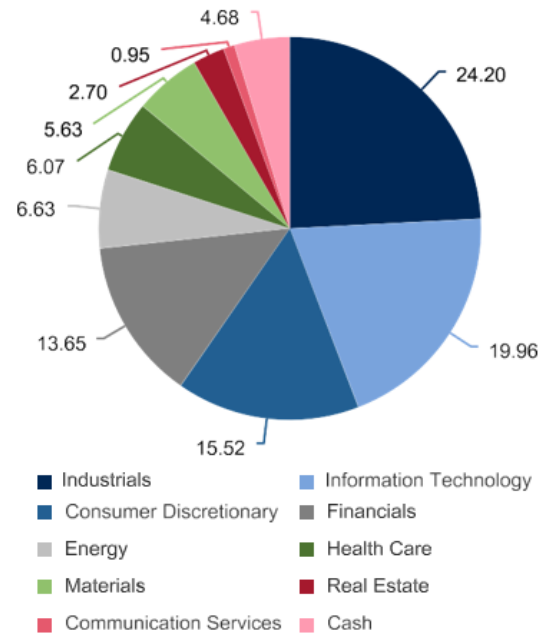
Excludes cash of 4.68%

## Portfolio Changes\*

New Holdings	Aker BP ASA, Axalta Coating Systems Ltd., DENTSU SOKEN INC. Fukuoka Financial Group, Inc., RS Group PLC, Range Resources Corporation, Red Rock Resorts, Inc. Class A, Sopra Steria Group SA Straumann Holding AG, Western Alliance Bancorp, Wheaton Precious Metals Corp, Zions Bancorporation, N.A.
Exited Holdings	Aker ASA Class A, Atea ASA, Bureau Veritas SA, CHANGE Holdings, Inc. Cboe Global Markets Inc, Essentra plc, FactSet Research Systems Inc., Hess Corporation, MKS Instruments, Inc. Marlowe Plc, National Storage Affiliates Trust, Restore plc Tikehau Capital SCA

\*30 day lag on portfolio changes

## Fund Sector Weightings (%)



Portfolio Characteristics	Fund	Index
Number of Holdings	65	7,824
Wtd. Avg. Mkt. Cap (\$B)	14.40	15.39
Price/Book	2.71	1.81
Price/Cash Flow	10.57	7.94
P/E NTM	15.46	14.41
ROA (%)	9.83	5.65
ROE (%)	20.27	12.63
Dividend Yield (%)	1.54	2.15
Net Debt/Equity	0.89	0.15



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