Marketing Communication

VAUGHAN NELSON

Nothing Else Matters: Why Artificial Intelligence ROIC - Not the Fed - Will Determine the Winners of 2027 and Beyond

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FIRM OVERVIEW

Why Vaughan Nelson?

Fundamental research drives alpha through high-conviction, benchmark-agnostic stock selection

Asymmetric return focus generates an attractive up/down capture profile

Flexible, all-weather portfolios deliver consistent performance and avoid mean reversion across market cycles

FIRM OVERVIEW

About Vaughan Nelson

ORGANIZATION

- Founded 1970 in Houston, TX
- $16.2* billion under management as of 6/30/2026
- Domestic Equity, International Equity, Global Equity, Fixed Income

PEOPLE

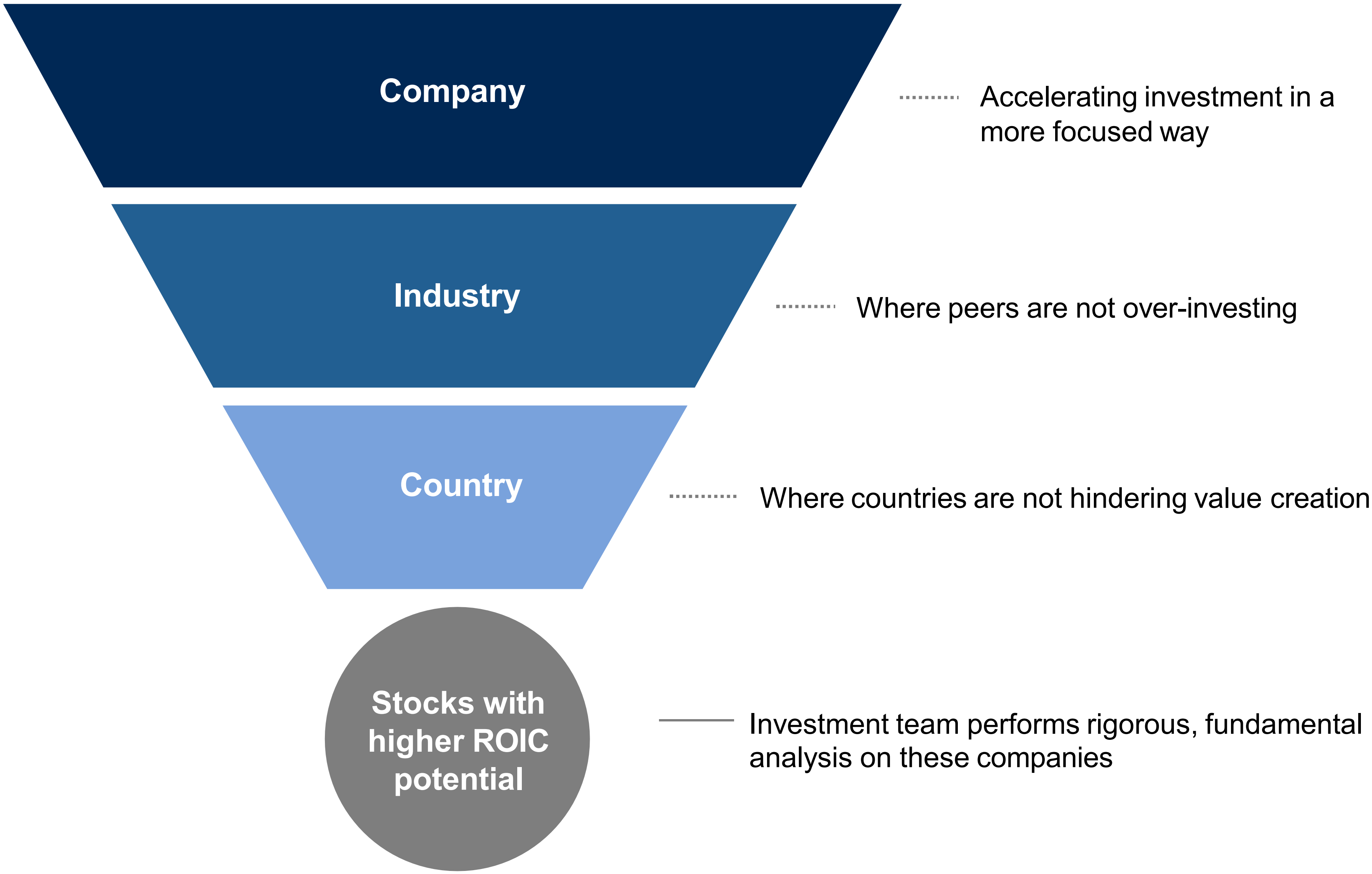
- 54 employees
- 27 investment team professionals
- 12 Chartered Financial Analyst designations

EQUITY STRATEGIES		Product Assets as of 6/30/2026
SMALL CAP VALUE	• Benchmarked against the Russell 2000® Value Index • Generally 55 to 85 positions	$5,265 MM
VALUE OPPORTUNITY	• Benchmarked against the Russell Midcap® Value Index and Russell 2500™ Value Index • Generally 55 to 75 positions	$2,937 MM
SELECT	• Benchmarked against the S&P 500 Index and Russell 3000® Index • Generally 20 to 40 positions	$5,869 MM
GLOBAL SMID	• Benchmarked against the MSCI ACWI SMID Cap NR Index • Generally 40 to 80 positions	$467 MM
EMERGING MARKETS	• Benchmarked against the MSCI Emerging Markets NR Index • Generally 20 to 40 positions	$67 MM
INTERNATIONAL	• Benchmarked against the MSCI ACWI ex-USA NR Index • Generally 20 to 40 positions	$50 MM
GLOBAL LARGE CAP	• Benchmarked against the MSCI ACWI NR Index • Generally 20 to 40 positions	$1 MM

* 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.

INVESTMENT PROCESS

Understanding Today's Investments to Anticipate Tomorrow's Leaders

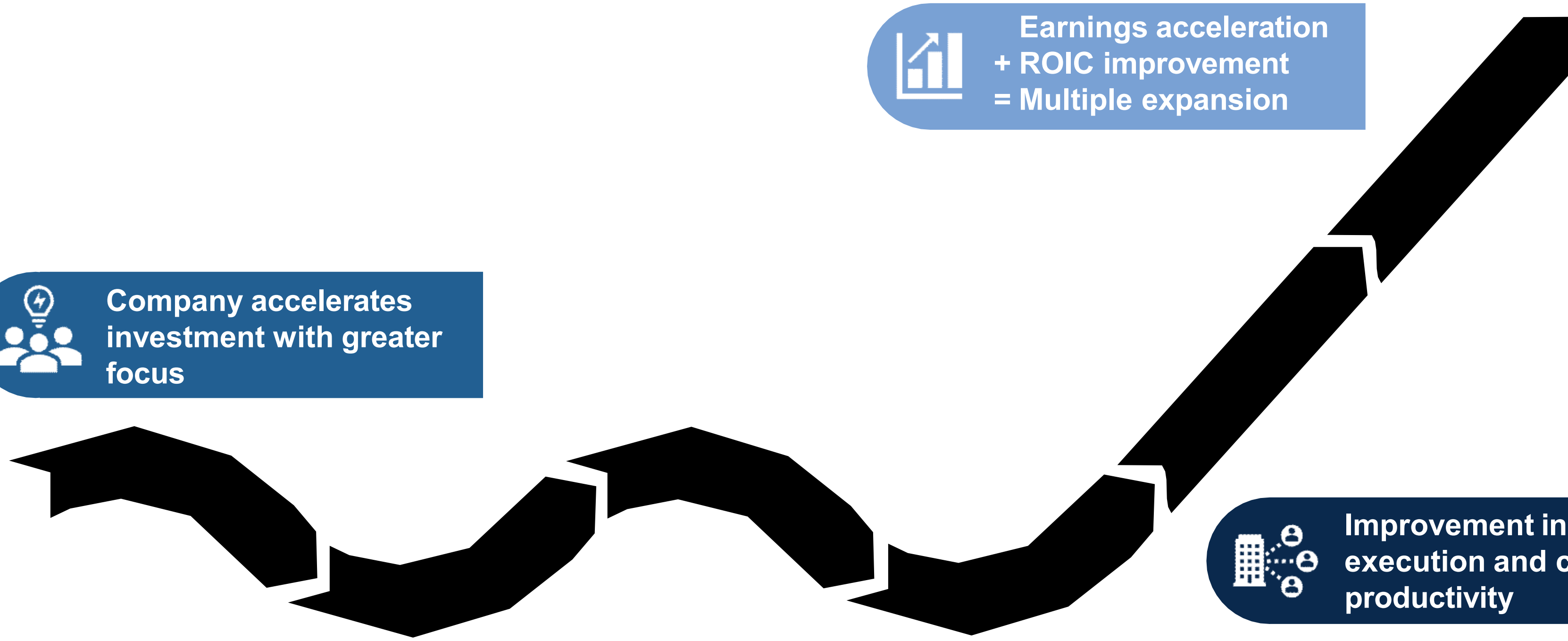


INVESTMENT PROCESS

Capture ROIC Inflections Before They're Visible

Earnings acceleration
\+ ROIC improvement
= Multiple expansion

Company accelerates investment with greater focus



Improvement in execution and capital productivity

Market penalizes short-term margin impact

- Markets anchor on current ROIC levels and underweight improvements in reinvestment
- Consensus reacts after ROIC shows up in reported metrics
- Our edge is spotting change in trajectory of ROIC ahead of the market

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NOTHING ELSE MATTERS

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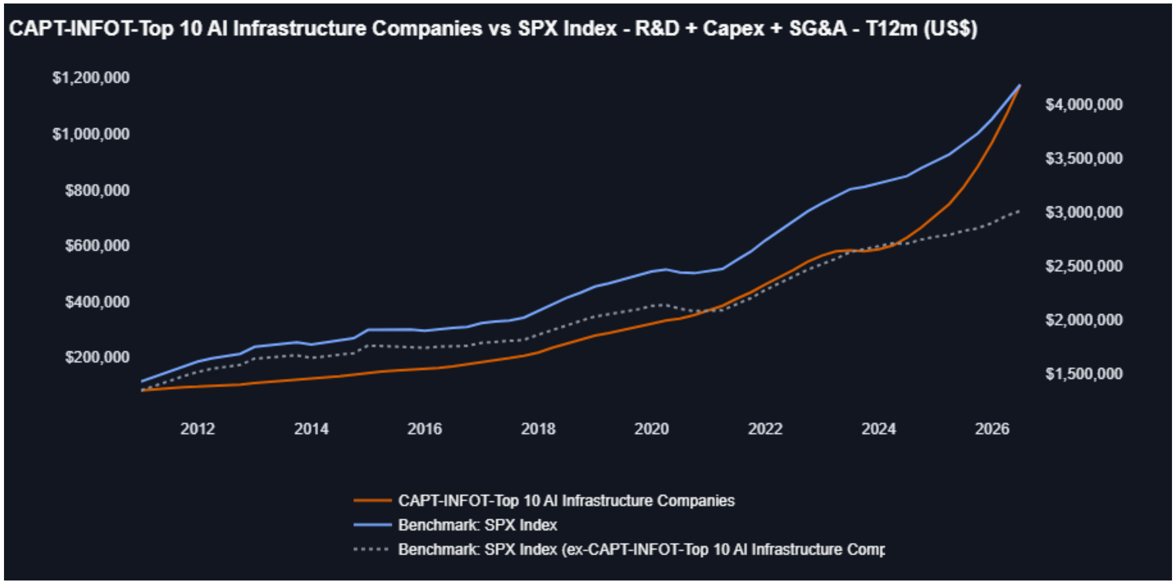
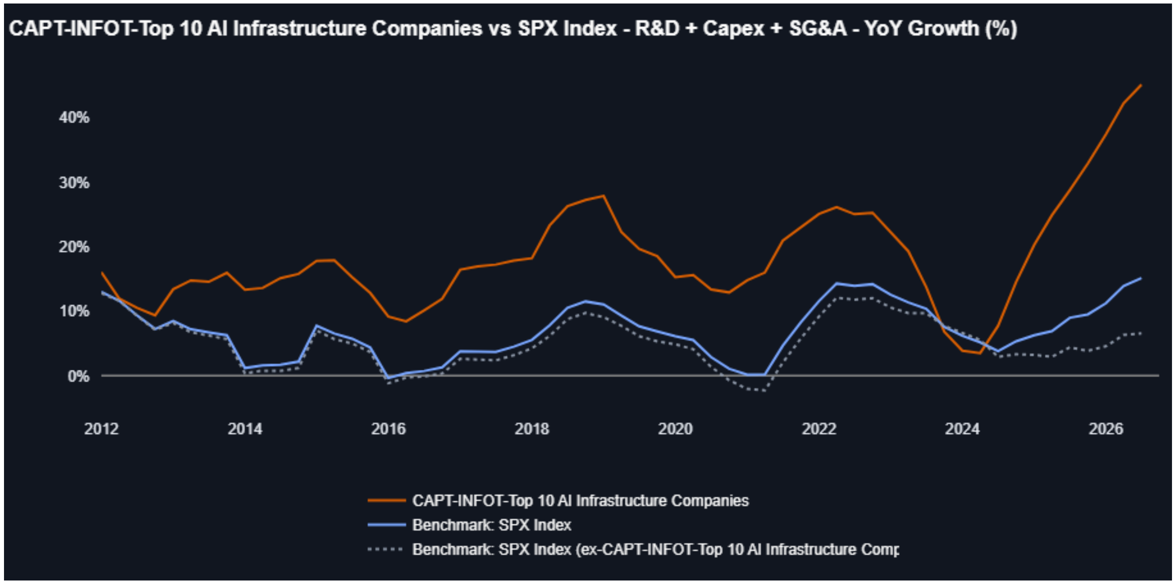
Forget the Fed. What Return Will $1 Trillion of AI Infrastructure Spending Generate?





Source: Bloomberg

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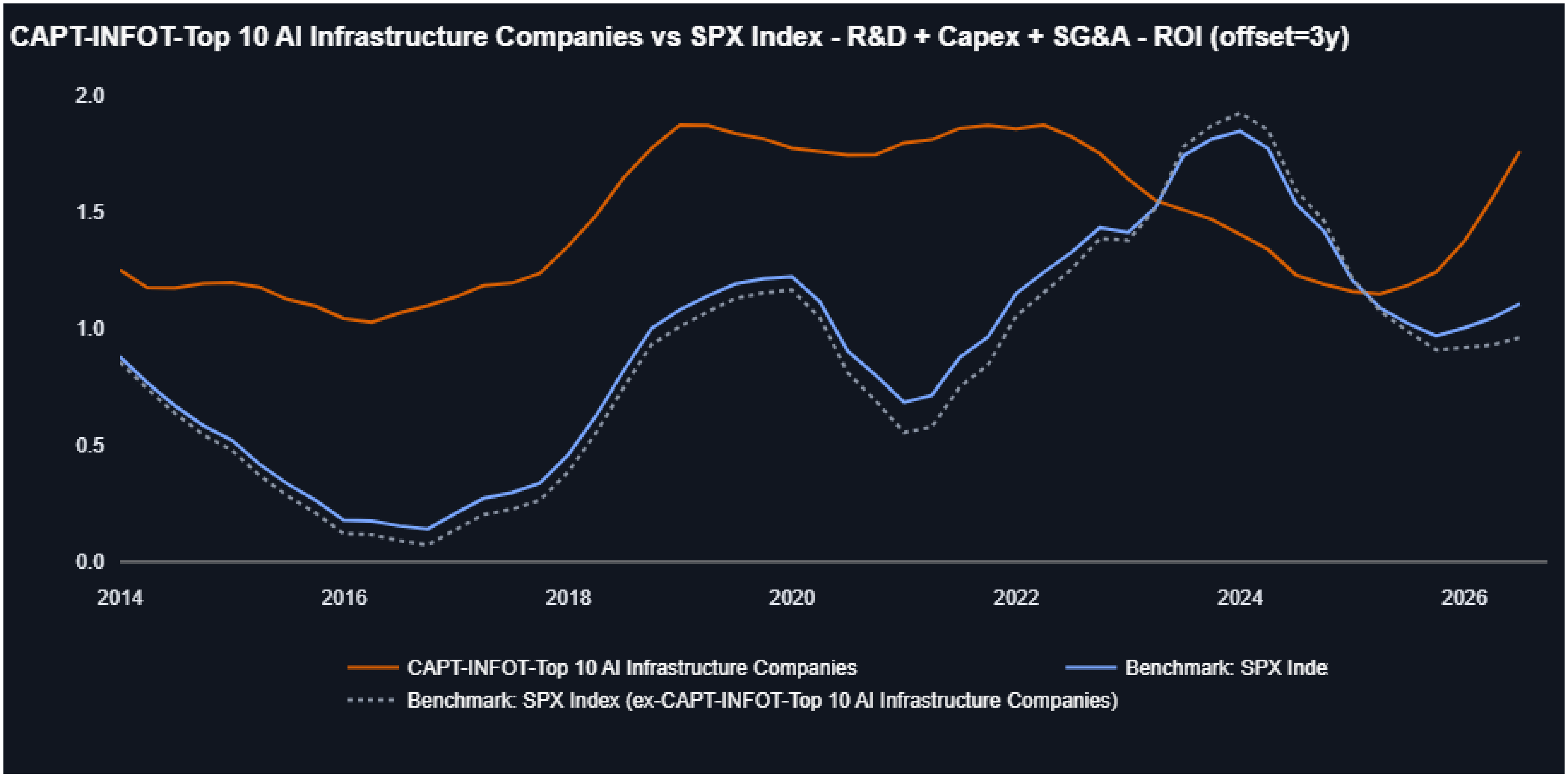
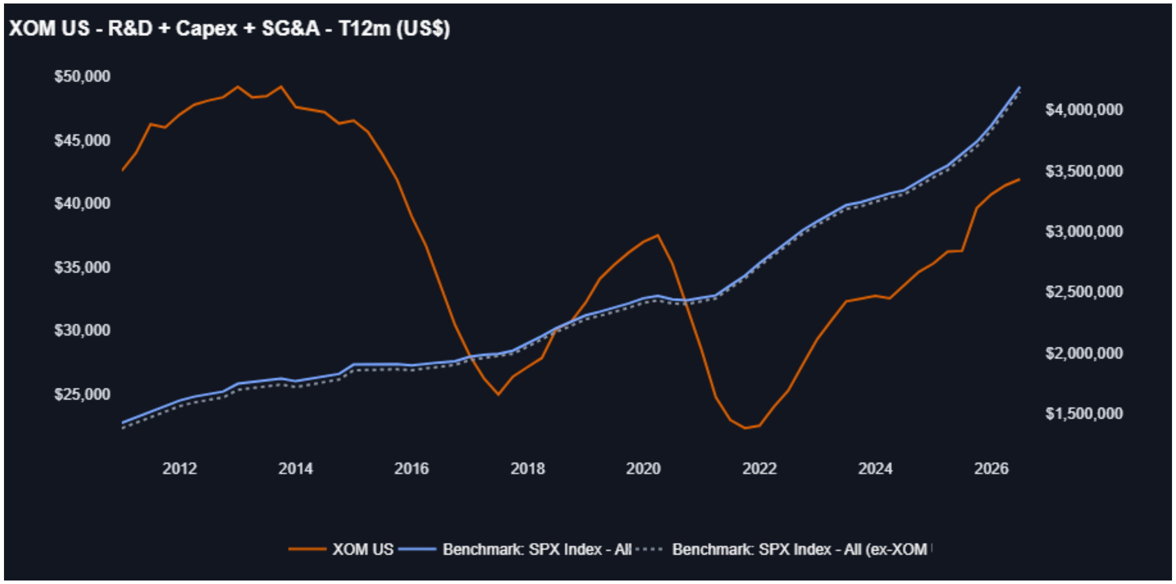
Capital Doesn't Chase Spending. It Chases Returns - and the Returns are Beginning to Emerge

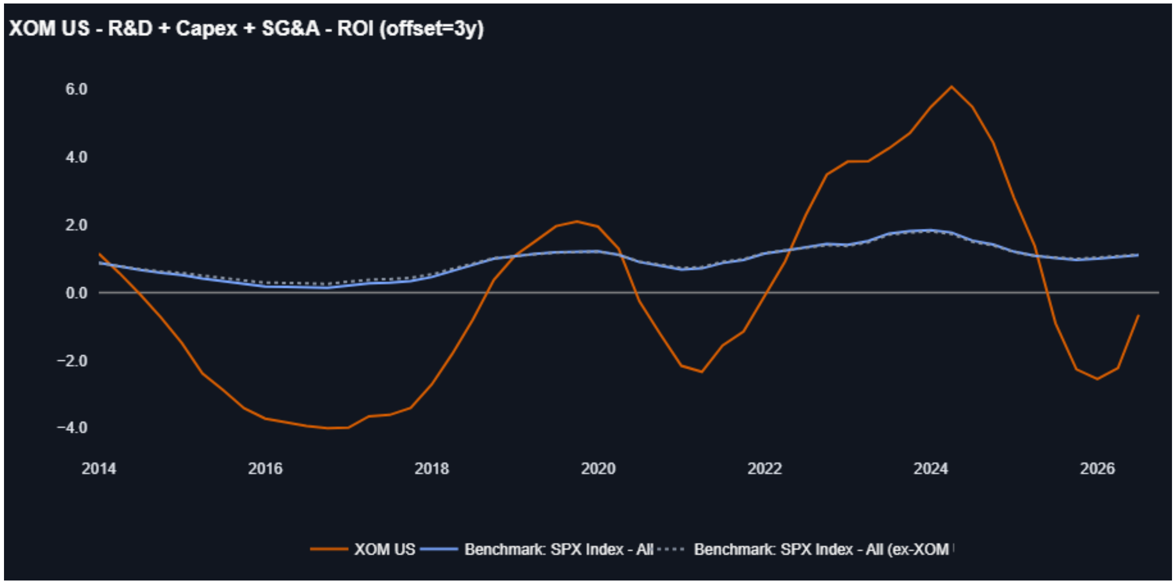


Source: Bloomberg

EXAMPLE ONE - EXXON (XOM)

When Incremental Returns Fell, Capital Allocation Followed





Source: Bloomberg

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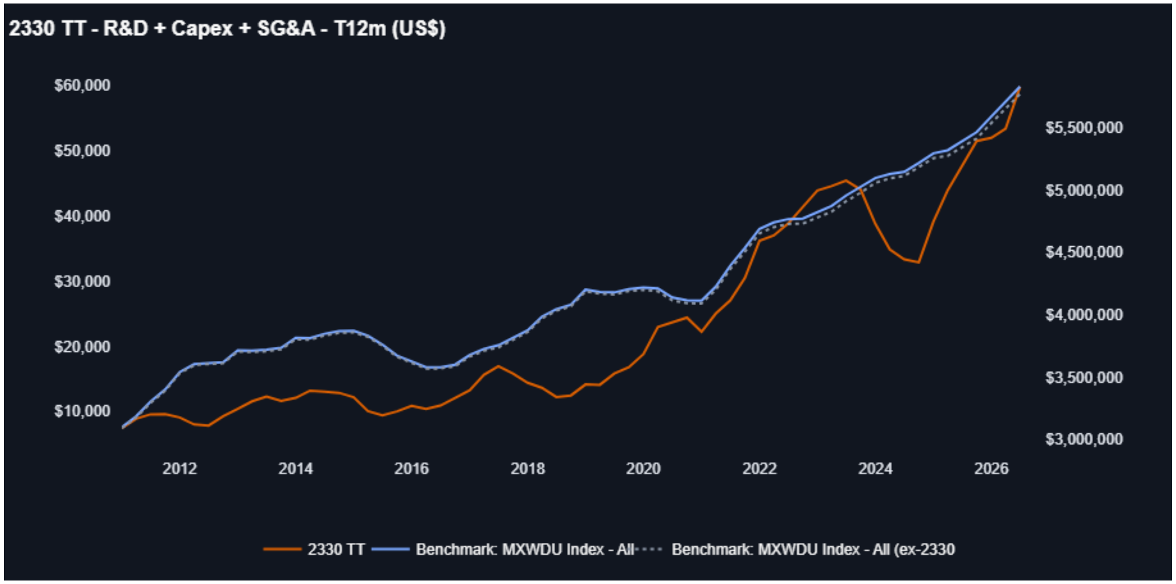
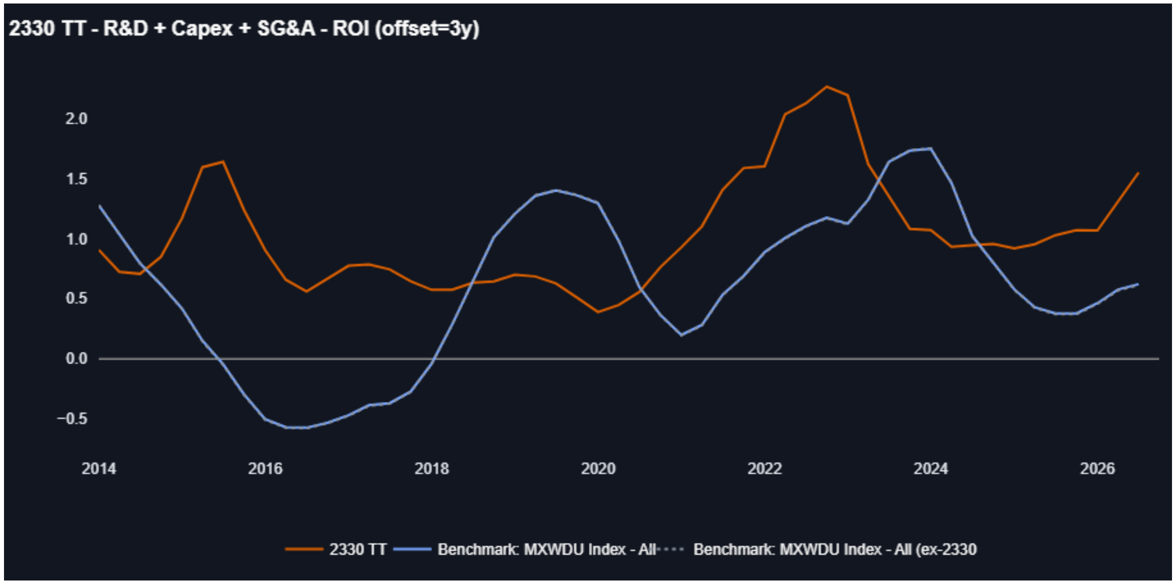
EXAMPLE TWO - TAIWAN SEMI (2330-TT, TSM-US)

Great Capital Allocators Invest Before the Returns Become Obvious





Source: Bloomberg

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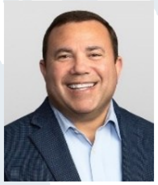

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