

# Natixis Vaughan Nelson Select ETF

Q4 • December 31, 2022

**VNSE**

## Fund Highlights

- A multi-cap, concentrated portfolio of high-conviction holdings (20 to 40 positions) that allows the full expression of Vaughan Nelson's value philosophy
- Process employs sophisticated, proprietary analysis, valuation and risk management

## Average annualized total returns† (%)

	3 months	YTD	1 year	Life of class 09/17/2020†
NAV	6.63	-16.59	-16.59	11.57
Market Price	6.54	-16.68	-16.68	11.56
S&P 500® Index <sup>3</sup>	7.56	-18.11	-18.11	7.26

## Calendar year returns (%)

	2013	2014	2015	2016	2017	2018	2019	2020 <sup>1</sup>	2021	2022
NAV	-	-	-	-	-	-	-	10.37	39.60	-16.59
S&P 500® Index <sup>3</sup>	-	-	-	-	-	-	-	12.39	28.71	-18.11

## Fund Facts

### Objective

Seeks long-term capital appreciation

Total net assets	\$11.8 million
Inception date	9/17/2020
Number of holdings	29
Turnover as of 12/31/2021	88%
Distribution frequency	Annual
Gross Expense Ratio <sup>2</sup>	3.05%
Net Expense Ratio <sup>2</sup>	0.80%
Exchange	NYSE Arca

## Investment Process



**These ETFs are different from traditional ETFs.** Traditional ETFs tell the public what assets they hold each day. These ETFs will not. This may create additional risks for your investment. For example: • You may have to pay more money to trade these ETFs' shares. These ETFs will provide less information to traders, who tend to charge more for trades when they have less information. • The price you pay to buy ETF shares on an exchange may not match the value of the ETF's portfolio. The same is true when you sell shares. These price differences may be greater for these ETFs compared to other ETFs because they provide less information to traders. • These additional risks may be even greater in bad or uncertain market conditions. • These ETFs will publish on their websites each day a Proxy Portfolio ("Proxy Portfolio") designed to help trading in shares of the ETFs. While the Proxy Portfolio includes some of these ETFs' holdings, it is not the ETFs' Actual Portfolio ("Actual Portfolio"). The differences between these ETFs and other ETFs may also have advantages. By keeping certain information about the ETFs secret, these ETFs may face less risk that other traders can predict or copy its investment strategy. This may improve the ETFs' performance. If other traders are able to copy or predict the ETFs' investment strategy, however, this may hurt the ETFs' performance. For additional information regarding the unique attributes and risks of these ETFs, see the discussion on the Proxy Portfolio and the "Proxy Portfolio Structure Risk," "Authorized Participant Concentration Risk," "Predatory Trading Practices Risk," "Premium/Discount Risk," and "Trading Issues Risk" within the prospectus.

**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).**

You may not invest directly in an index.

†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. Market returns are based on the midpoint of the bid/ask spread at 4 p.m. ET and do not represent the returns an investor would receive if shares were traded at other times.

1 The calendar year performance shown for 2020 is a partial year of performance since inception on 9/17/20 through 12/31/20. 2 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 04/30/2025. When an expense limitation has not been exceeded, the gross and net expense ratios and/or yields may be the same.

Portfolio Overview

Sector breakdown n<sup>4</sup>

Sector	% of Portfolio	Bench mark
Information Technology	21.11	25.74
Health Care	13.54	15.82
Materials	10.56	2.73
Financials	10.41	11.66
Consumer Discretionary	9.33	9.80
Consumer Staples	8.86	7.20
Communication Services	6.43	7.28
Utilities	5.73	3.18
Industrials	4.87	8.65
Energy	2.61	5.23
Real Estate	2.14	2.71

Fund statistics

Active Share <sup>5</sup>	83.5
P/E (Trailing) Ratio <sup>6</sup>	26.5
P/B Ratio <sup>7</sup>	5.4
Median Market Cap <sup>8</sup>	\$57.35 billion

Top ten equity holdings<sup>9</sup>

Company	% of Portfolio
1. NextEra Energy, Inc.	5.76
2. Wheaton Precious Metals Corp.	5.36
3. Dollar General Corp.	5.34
4. Sherwin-Williams Co. (The)	5.24
5. Danaher Corp.	4.95
6. Intercontinental Exchange, Inc.	4.82
7. Microsoft Corp.	4.76
8. McCormick & Co., Inc.	4.48
9. Clorox Co. (The)	4.43
10. Motorola Solutions, Inc.	4.42



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 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: \$12.8 billion (as of 9/30/2022)<sup>10</sup>

Portfolio Managers<sup>11</sup>

Chris D. Wallis, CFA®, CPA  
Scott J. Weber, CFA®

\*Risks

**Exchange-Traded Funds (ETFs)** trade like stocks, are subject to investment risk, and will fluctuate in market value. Unlike mutual funds, ETF shares are not individually redeemable directly with the Fund, and are bought and sold on the secondary market at market price, which may be higher or lower than the ETF's net asset value (NAV). Transactions in shares of ETFs will result in brokerage commissions, which will reduce returns.

**Unlike typical exchange-traded funds**, there are no indexes that the Fund attempts to track or replicate. Thus, the ability of the Fund to achieve its objectives will depend on the effectiveness of the portfolio manager. There is no assurance that the investment process will consistently lead to successful investing.

**Equity securities** are volatile and can decline significantly in response to broad market and economic conditions.

**Non-Diversified Risk**, the Fund is classified as "non-diversified," which means the Fund may invest a larger percentage of its assets in the securities of a smaller number of issuers than a diversified fund. Investment in securities of a limited number of issuers exposes the Fund to greater market risk and potential losses than if its assets were diversified among the securities of a greater number of issuers.

**Value investing** carries the risk that a security can continue to be undervalued by the market for long periods of time.

**Although the Fund seeks to benefit from keeping its portfolio holdings information secret**, market participants may attempt to use the Proxy Portfolio and related Proxy Portfolio Disclosures to identify the Fund's holdings and trading strategy. If successful, this could result in such market participants engaging in predatory trading practices that could harm the Fund and its shareholders.

**Unlike traditional ETFs that provide daily disclosure of their portfolio holdings**, the Fund does not disclose the daily holdings of the Actual Portfolio. Instead, the Fund discloses a Proxy Portfolio that is designed to reflect the economic exposure and risk characteristics of the Fund's Actual Portfolio on any given trading day. Although the Proxy Portfolio and Proxy Portfolio Disclosures are intended to provide Authorized Participants and other market participants with enough information to allow them to engage in effective arbitrage transactions that will keep the market price of the Fund's shares trading at or close to the underlying NAV per share of the Fund, while at the same time enabling them to establish cost-effective hedging strategies to reduce risk, there is a risk that market prices will vary significantly from the underlying NAV of the Fund.

**Only an authorized participant** ("Authorized Participant") may engage in creation or redemption transactions directly with the Fund. The Fund has a limited number of institutions that act as Authorized Participants, none of which are or will be obligated to engage in creation or redemption transactions. To the extent that these institutions exit the business or are unable to proceed with creation and/or redemption orders with respect to the Fund and no other Authorized Participant is able to step forward to create or redeem Creation Units, Fund shares may trade at a discount to NAV and possibly face trading halts and/or delisting. The Fund's novel structure may affect the number of entities willing to act as Authorized Participants, and this risk may be exacerbated during times of market stress.

**Trading in Fund shares** on the NYSE Arca may be halted in certain circumstances. If 10% or more of the Fund's Actual Portfolio does not have readily available market quotations, the Fund will promptly request that the NYSE Arca halt trading in the Fund's shares. Such trading halts may have a greater impact on the Fund compared to other ETFs due to its lack of transparency.

**The market value of the Fund's shares will fluctuate**, in some cases materially, in response to changes in the Fund's NAV, the intraday value of the Fund's holdings, and the relative supply and demand for the Fund's shares on the exchange. There is a risk (which may increase during periods of market disruption or volatility) that market prices for Fund shares will vary significantly from the Fund's NAV. This risk may be greater for the Fund than for traditional ETFs that disclose their full portfolio holdings on a daily basis because the publication of the Proxy Portfolio does not provide the same level of transparency as the publication of the full portfolio by a fully transparent active ETF.

**3** S&P 500® 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. It also measures the performance of the large cap segment of the US equities market. **4** Source: GICS Sectors via FactSet Research Systems Inc. Cash and Unassigned allocations are not included. **5** 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. **6** 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. **7** 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. **8** 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. **9** 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. **10** Assets under management ("AUM"), as reported, may include notional assets, assets serviced, gross assets and other types of non-regulatory AUM. **11** CFA® and Chartered Financial Analyst® are registered trademarks owned by the CFA Institute.

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

ALPS Distributors, Inc. is the distributor for the Natixis Vaughan Nelson Select ETF. Natixis Distribution, LLC is a marketing agent. ALPS Distributors, Inc. is not affiliated with Natixis Distribution, LLC.