"Flexibility is the key to stability." - John Wooden

The Sterling Capital Special Opportunities strategy is designed to be a "core" or "all-seasons" portfolio, with a primary goal of generating long-term capital appreciation. Noting that our industry often classifies investments with either a "growth" or "value" label, we instead argue that value without growth represents a wasting asset, and growth without regard to the price is merely speculation. We strongly believe in building a well-diversified portfolio with constituents that boast both growth and value characteristics. We seek above-average growth of capital, but endeavor to mitigate downside risks by using time-tested valuation tools and profitability ("quality") parameters.

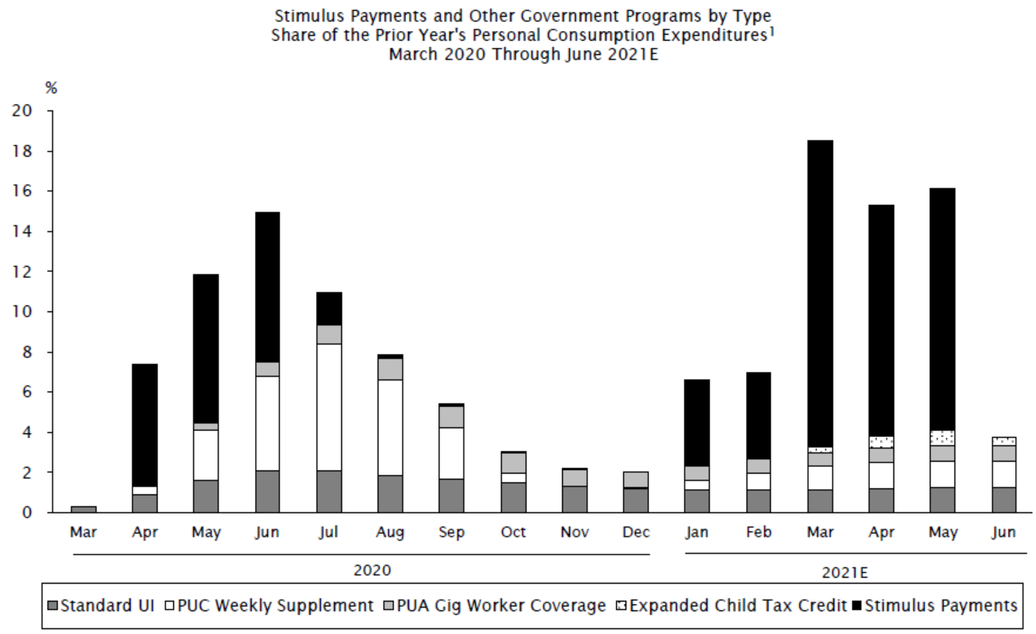
Both academic literature and our own experience have demonstrated that the so-called growth and value styles, as well as small- and large-capitalization companies, move into and out of investment favor, much as our underlying economy moves through various phases of expansion and retrenchment. Sustained periods of out- or under-performance can lead to unproductive investor outcomes via switching. By blending the characteristics, we hope to offer our clients a more consistent return profile, while also allowing us the flexibility to take advantage of occasional perceived extremes in sentiment.

Consistent with our endeavor to generate above-average returns with below-average risk, when compared to the overall equity market, we must "dare to be different" from our benchmark. In industry parlance, our portfolio demonstrates high "active share," meaning our philosophy offers the statistical opportunity to outperform popular averages. By constructing portfolios with approximately 30-35 carefully selected securities, we believe we can achieve 95% of the diversification of a 500-stock portfolio – while eliminating expensive, poorly-financed, or strategically vulnerable companies from our holdings.

Performance Summary and Review

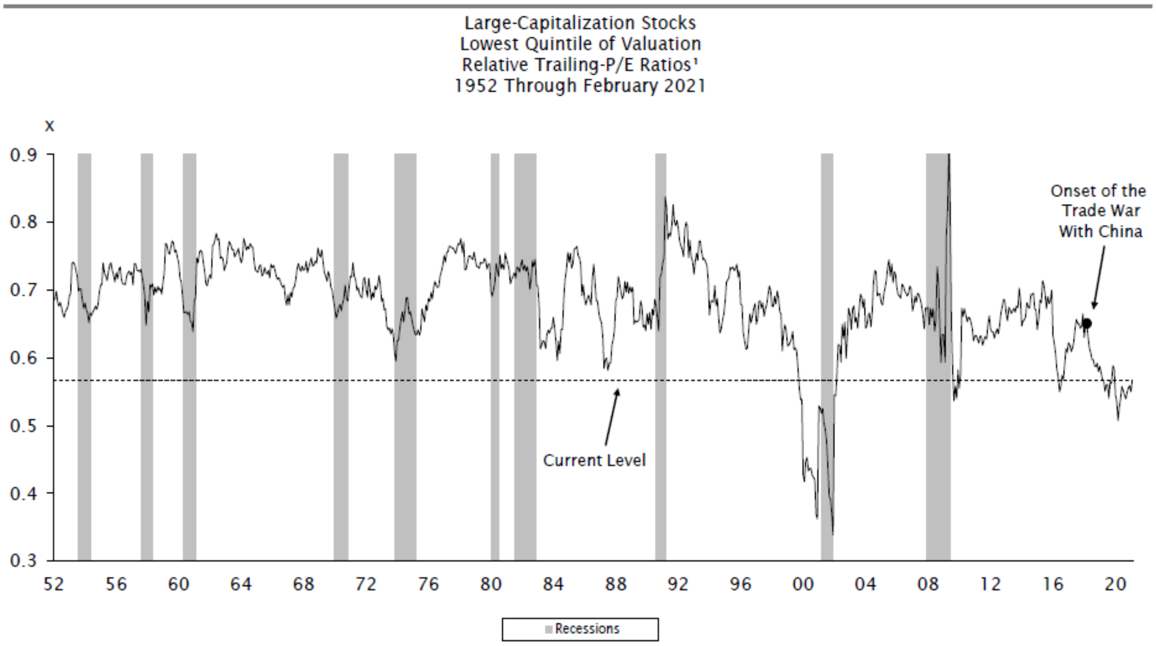
The Special Opportunities portfolio gained 9.9% (gross of fees) and 9.6% (net of fees) in the first quarter, outperforming the Russell 3000® Index (+6.4%) for the third consecutive quarter. The bounce-back in the market the past year was nothing short of extraordinary. The portfolio's trailing one-year return of 67.6% (net of fees) represents its best-ever four quarter gain, and outpaced the benchmark by 5%.

At year-end, the Fed forecast 2021 U.S. GDP growth of 4.2%. Aided by a $1.9 trillion stimulus package, easing lockdowns and vaccinations, the outlook was revised to 6.5% in mid-March. That would represent that fastest pace since 1983. March ISM manufacturing index also increased to its highest level since 1983. Fed Chairman Powell noted he expects inflation to rise in 2021, but sees transitory causes allowing the Fed to remain accommodative – U.S. inflation expectations rose to 2.57%, well above pre-pandemic levels. The chart below shows how substantial stimulus is (black bars), and recipients' propensity to spend could stoke further inflationary pressures.



[1]Data smoothed on a three-month basis. Source: Bureau of Economic Analysis, Empirical Research Partners Analysis

Energy, Financials and Industrials led, each posting double-digit gains. All sectors delivered positive returns, but Tech's 1% increase was worst, followed by Staples and Healthcare. We noted in our year-end commentary that equities looked attractive relative to bonds (and they still do). Therefore, stocks outperforming bonds to start the year wasn't surprising, but the magnitude was. The ten-year Treasury yield rose 83 basis points, leading to a 13% decline in long duration Treasuries, while investment grade corporate spreads narrowed, dampening their decline to 4.5%. Higher bond yields and rising inflation expectations contributed to Value (Russell 1000® Value Index +11.2%) outperforming Growth (Russell 1000® Growth Index +0.9%) for a second-consecutive quarter, and by the widest margin since 2001. Still, Value's relative multiple remains near all-time lows.



[1] *Equally-weighted data. Source: Corporate Reports, National Bureau of Economic Research, Empirical Research Partners Analysis*

1Q21 Contributors and Detractors

Top Contributors	GICS Sector	Contrib. to Return
NXP Semiconductors	Info Technology	1.37
Capital One	Financials	0.91
Alphabet	Comm. Services	0.87
Lennar	Cons Discretionary	0.80
Charles Schwab	Financials	0.64

Top Detractors	GICS Sector	Contrib. to Return
Verisk Analytics	Industrials	-0.53
Cerner	Health Care	-0.21
Ball	Materials	-0.19
Akamai Technologies	Info Technology	-0.10
Activision Blizzard	Comm. Services	-0.01

Source: FactSet, Sterling Capital

Top Contributors:

- **NXP Semiconductor's (+27%)** strong quarterly results drove stock performance, with a late-quarter boost from its addition to the S&P 500® Index. Auto is half of revenues and its "Growth" segment, consisting of radar, battery management systems (BMS) and digital cockpit, grew mid-single digits in 2020 amid a 16% decline in global auto sales. Management expects radar to grow at a 25-30% compound annual growth rate (CAGR) the new few years, cockpit at a mid-teens CAGR, and BMS at a 60% CAGR – twice the industry rate, supported by wins at 16 of the top 20 original equipment manufacturers (OEMs). In early March, the board authorized a 50% increase in the dividend and added $2 billion to the buyback.
- **Capital One (+29%)** is benefiting from a benign credit environment that led to an 85% decrease in credit loss provision, a 49% decline in net charge-offs and a $593 million allowance release. Such factors contributed to an impressive 137% increase in net income, despite credit card balances ending the year down 17%, and purchase volumes were flat. Easier comparisons beginning in late March, a sequential doubling in marketing spend and increasing credit lines should help reinvigorate card loan balances, though multiple stimulus packages will likely reduce borrowing needs in the near-term. Meanwhile, auto lending, Capital One's second-largest line of business, saw loans grow 9%. The bank is well capitalized, informing the board's decision to authorize a $7.5 billion buyback program.

- **Alphabet's (+18%)** revenue growth accelerated to 23% in 4Q, with search up 17% despite travel-related weakness (a potential re-opening catalyst). Revenue from YouTube ads grew 46%, the best quarter in over three years, led by direct-response ads that enable consumers watching an ad to click through to a brand's website. A bit of an oxymoron, but management provided *transparency* into its *Cloud* segment for the first time, reporting revenue growth of 47%, including Google Cloud Platform which grew even faster. Equally important is cost management, which helped lead to eight points of operating leverage.
- **Lennar (+33%)** and the homebuilding industry continues to benefit from a low-interest rate environment, dearth of home supply, and appetite for home buying in the market. For Lennar in particular, pricing remains strong and market share is expanding. Lennar reported strong quarterly results, comfortably ahead of estimates, highlighted by strong order growth of 26% and gross margin expansion to 25%. Meanwhile, the company announced a spin-off of non-core assets, which could generate significant shareholder returns, potentially $3-5 billion in asset value. The spin would leave a pure play homebuilding and financial services leader.
- **Schwab (+23%)** is showing early progress integrating TD Ameritrade and should benefit from rising interest rates – mortgage-backed securities rates matter most, which haven't (yet) moved higher with Treasuries. During its early February Investor Update, management cited several potential catalysts related to TD Ameritrade: one, larger-than-anticipated transfers of IDA balances to SCHW's balance sheet; two, the opportunity to increase the percentage of TD clients using advisory services, from 8% towards Schwab's 18%, driving fee-based growth; and three, new account openings, which accelerated since the deal closed to a 20% pace in the fourth quarter, and 37% in January 2021.

Top Detractors:

- **Verisk Analytics' (-15%)** core insurance business continues to compound at a healthy ~7% clip and accounts for more than 80% of cash flows. The business has a wide moat, stemming from its unparalleled data of nearly 23 billion records. In 2020, property and casualty (P&C) insurers sent Verisk 3.1 billion detailed, individual records of insurance transactions. Those records are scrubbed and standardized, then resold back to insurers, including all of the top 100 P&C companies. The data and analytics Verisk provides are embedded in customer workflows, resulting in 99%+ retention. The remainder of Verisk's revenues come from Energy and Financial Services, which aren't performing as well, and while recoveries in those areas could be uneven, we think overall results were solid. In 2020, the 85% of revenues that are subscription/recurring grew 6.9% organically, while the other 15% fell 11%. Revenues tied to the latter are expected to recover at different rates, but have upside in a re-opening environment.
- **Cerner's (-8%)** fourth-quarter results were mostly in-line, but the lack of 2021 bookings guidance and just 1% expected organic revenue growth were disappointing. That said, the Federal segment reached a $1 billion run-rate and should grow at a mid-teens rate, while strategic growth areas are expected to achieve a similar pace of growth. Within Federal, there were 22 sites live on Cerner's electronic health record (EHR) within the Department of Defense (DoD) at year-end, which marked the first time that the DoD, Veterans Affairs (VA), and the Coast Guard utilized the same EHR platform – a step in the right direction, in our view. New CFO Mark Erceg quickly aligned his interests with shareholders, purchasing $2.1 million of stock.
- While **Ball (-9%)** is viewed as a stay-at-home beneficiary as more beverages are consumed in cans off-premise, we believe the Street isn't recognizing the industries' inability to capitalize on the surge in demand given the shortage of supply. As long-term contracts are signed, Ball is bringing on 25% more capacity by 2023, but it takes time to construct a multi-billion unit facility. At the same time, Ball's innovative aluminum cup production is up-and-running, with an annual capacity of 450 million units. Management noted the cup is its most profitable offering, and by our math on a per-unit basis, the cup generates 5-10x more revenue than a can, and 15-25x the gross profit dollars. We added to the position on weakness.
- **Akamai Technologies (-3%)** is perceived as a stay-at-home beneficiary that faces tough comparisons. Though this may be applicable to its streaming segment, we don't foresee a decline in related 2021 revenues. Moreover, its security business has become the most important driver of value, in our opinion. The segment accounts for a third of revenues and is expected to grow at a 20%+ CAGR the next few years. As such, security revenues should grow from $1 billion today to $2.5 billion in 2023. As this business scales, we expect a re-rating towards cybersecurity peer multiples.
- **Activision (0%)** traded sideways in the first quarter of 2021. Similar to Akamai's streaming exposure, video gaming is also considered a COVID-19 beneficiary, and as such, should face difficult comparisons in 2021. Yet, a typically conservative management team guided for growth in 2021 and a $3.60 earnings expectation relative to the pre-earnings estimate from the sell-side of $3.48. Moreover, the innovation well appears full. Management stated the company "has more new content being created than at any time in its history," which suggests solid growth expectations even beyond 2021.

Portfolio Changes

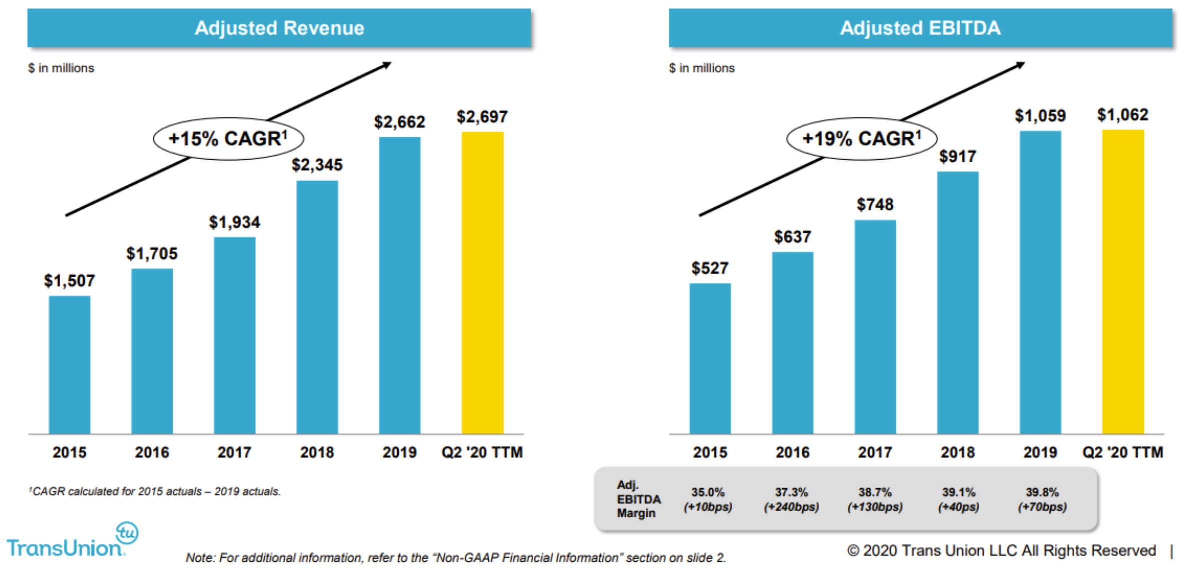
We added four new positions and sold three, increasing exposure to secular growth markets in payments, credit ratings, ESG, data and analytics, and targeted drug development.

We added the leading worldwide credit rating agency, **S&P Global**, which is also the largest provider of global-indexed assets, and the leading independent provider of benchmarks for energy and commodity markets. Not only is the business highly recurring, but scale matters, and SPGI is the scaled leader. Incremental margins are high as the company leverages data and analytics to grow revenues across a mostly fixed cost base. Third-party credit ratings are essential in capital markets, S&P has more than one million ratings outstanding, and its small take rate of just seven basis points means its critical role in raising capital is a very small cost to customers. ETF assets indexed to S&P indices grew at a 20% CAGR since 2015, reaching $2 trillion at year-end. ESG-related offerings exist across each business line, representing $65 million of revenue, and are expected to grow 40%+ for the foreseeable future.

The recently-announced acquisition of IHS Markit bolsters capabilities, diversifies end-market exposure, increases recurring revenues to more than three-quarters of the combined business, and is expected to be accretive in the first year. S&P plans to incorporate ratings data into IHS's workflow tools and software, while also incorporating IHS's carbon registry data and battery information into S&P's ESG business, which will more than double ESG-related revenues. Standalone, SPGI delivered 10% organic revenue and 23% earnings per share (EPS) growth in 2020, aided by growth in its ratings business from robust credit issuance, up 17%. The Street estimates EPS growth of 6% in 2021, limited by difficult ratings comparisons. We believe there may be upside, as half of ratings' revenues are derived from surveillance of outstanding issuances. CEO Doug Peterson recently commented that loan issuance and increased M&A drove higher issuance than anticipated at year-end. Over the medium-term, there are $11.3 trillion of corporate debt maturities, providing visibility to future ratings revenues. In addition, we believe integrating IHS Market will drive acclerated growth. SPGI's 35% return on invested capital (ROIC) puts it near the top 2% of Russell 3000 constituents, and one of just 19 with a market capitalization greater than $10 billion. Cash exceeded debt at year-end, and at our purchase, the stock traded at an unusual discount to the benchmark compared to a 30% average premium over the past five years.

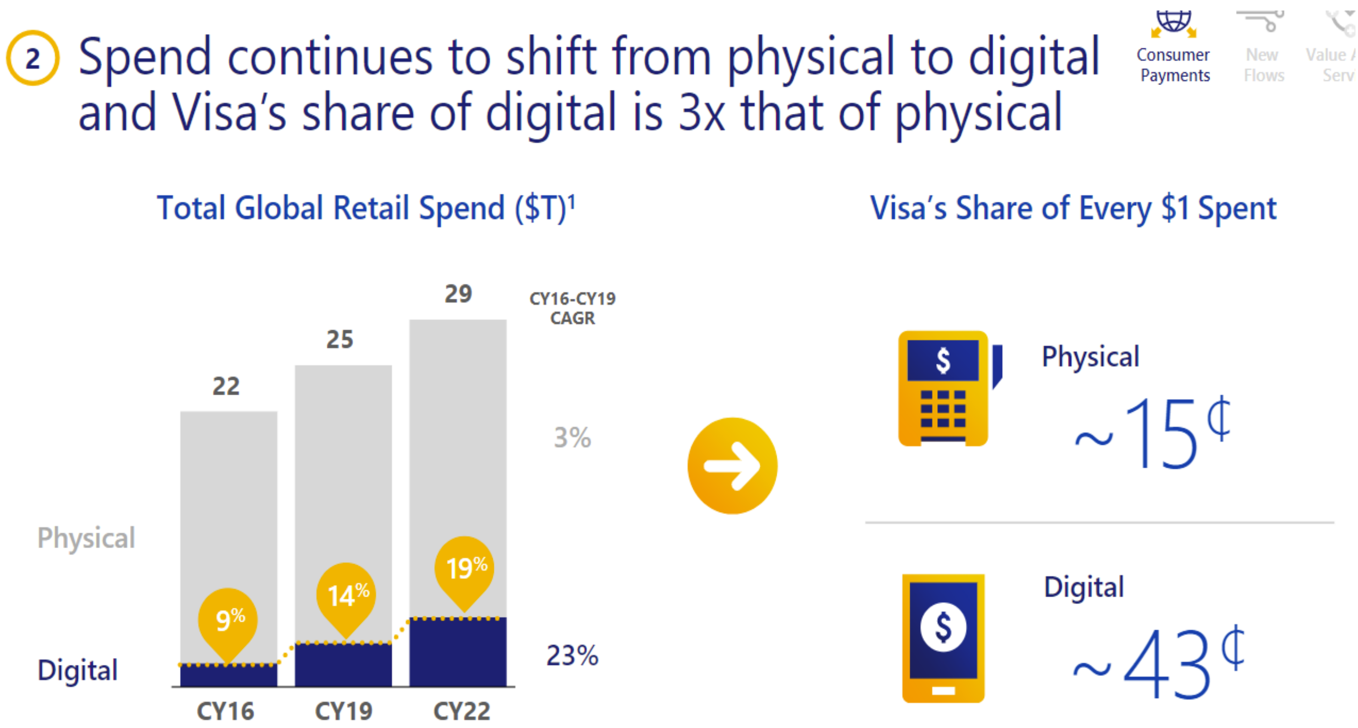
We added **TransUnion**, a leading credit reporting agency that transformed into a diversified risk and information solutions provider incorporating credit, public and alternative data assets on a next-generation IT platform. The company has a robust database of information, spanning 90,000 disparate data sources to provide a more holistic view of nearly every credit-eligible consumer in the U.S. TransUnion's addressable markets were broadened to include healthcare, insurance, fintech (where it holds the leading position), media, telecom and the public sector, as well as high-growth and strategic international markets (24% of revenues). New and existing addressable markets provide a long runway for growth with high incremental margins, as data assets and analytics transcend industry verticals and geographies. TransUnion's mission-critical data and analytics are embedded in businesses' workflow to acquire customers, assess which customers are worth capturing, identify cross-selling opportunities, manage collections and potential fraud, employment/income verification and tenant screening.

The annual report provides an excellent summary of why we're attracted to this business: "We believe we have an attractive business model that has highly recurring and diversified revenue streams, low capital requirements, significant operating leverage and strong and stable cash flows…high customer retention and revenue visibility…we typically obtain updated information including a growing set of public record and alternative data at little or no cost."



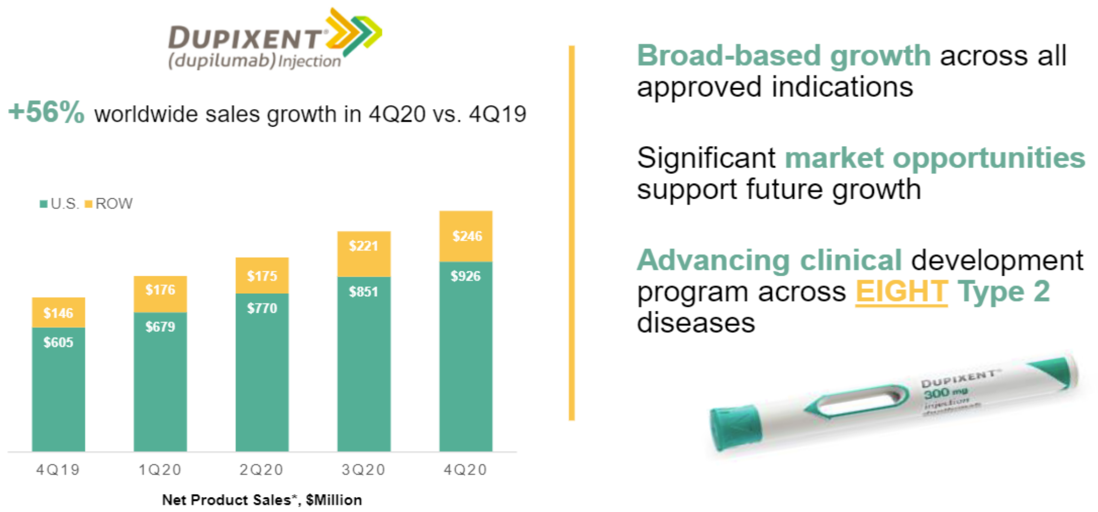
Source: TransUnion

We added **Visa**, a leading global payments technology provider that we believe will benefit from digitization, new flows and the return of cross-border travel. Visa's brand is ubiquitous with payments, touching 15 cents of every dollar transacted at physical locations. Importantly, Visa touches 43 cents of every dollar transacted in the digital world, which is key to our thesis. Digital payments are growing nearly 8x faster than cash and check, and still only represent 14% of worldwide retail spend. Visa is focused on addressing new flows outside of traditional consumer transactions, such as business-to-business (B2B), peer-to-peer (P2P) and government-to-consumer (G2C), increasing the addressable market from ~$30 trillion to $240 trillion, or several multiples of global GDP ($85 trillion). While digitization and new flows are secular tailwinds, a near- to medium-term tailwind will be the return of high-margin, cross-border travel. As a result, Visa is a wide moat, high-quality business that also fits into the "recovery" trade basket. In addition, more stimulus is likely to result in increased spend. Bank of America credit and debit card data "reveal exceptional consumer spending in March…total card spending is running 40% above the February average spend per stimulus recipients."



Source: Visa

We added **Regeneron**, a biotechnogy company with two differentiated development platforms that enable more rapid and targeted drug development. The largest franchise is Eylea, the #1 prescribed treatment for macular degeneration. While maturing, Eylea has unpenetrated opportunities in diabetic neuropathy and, despite a low-priced biosimlar on the market, Eylea continues to grow; sales were up 7% in 2020, and up 10% in the fourth quarter. Dupixent and Libtayo have ongoing trials to expand approved indications for atopic dermatitis and various cancers, respectively. Dupixent is only 6% penetrated in atopic dermatitis, and the drug is being developed to treat a variety of other diseases. Therefore, the current $5 billion run-rate offers plenty of *needle*-moving growth ahead. While the threat of new competition from JAK inhibitors looms, Dupixent's proven safety profile should be a differentiator versus a class of drugs with safety concerns, particularly when used to treat a chronic condition. Libtayo is approved for skin cancer treatment, a $10 billion market growing at a high-single-digit rate. The drug was also approved for lung cancer, and recently-released data shows Libtayo reduced risk of death by more than 30% versus chemotherapy in recurrent cervical cancer. In addition, the company developed a COVID-19 treatment regimen, REGEN-COV, that is proven to be efficacious at reducing risk of hospitalization or death while also shortening symptom duration in high-risk outpatients. At just 10x this year's earnings, with a 30% return on equity (ROE), $4 billion in net cash and $4 billion of free cash flow (FCF) generation the next few years, we believe REGN offers a compelling profile relative to the Sterling Equity Opportunities Group's investment pillars framework.



Sanofi records global net product sales of Dupixent. Source: Regeneron

We sold **Discovery**, a media content provider that leads in many family-friendly and reality TV segments. In 2018, the company's product slate was broadened with the acquisition of Scripps Network. However, a decline in the number of subscribers is ongoing, -4% in the U.S. last quarter, and cord cutting is expected to accelerate from 3-4% of households per year the past few years, up to 5-6% through 2023. In January, the company launched Discovery+, its new streaming service that incorporates most of Discovery's library of content. Early sign-ups provided confidence in the strategy, helping to push the stock higher. However, the vast majority of subscribers received free promotional offers. With a multitude of streaming options to choose from, it remains to be seen which ones consumers will actually be willing to pay for. Even if they are willing to pay the $4.99/month with ads, or the $6.99/month for ad-free service in the U.S., management targets 20% OIBDA (a proxy for cash flows) margins at scale, roughly a third of current U.S. OIBDA margins. With valuation at or above the long-term range across a variety of metrics, we decided to *unsubscribe*.

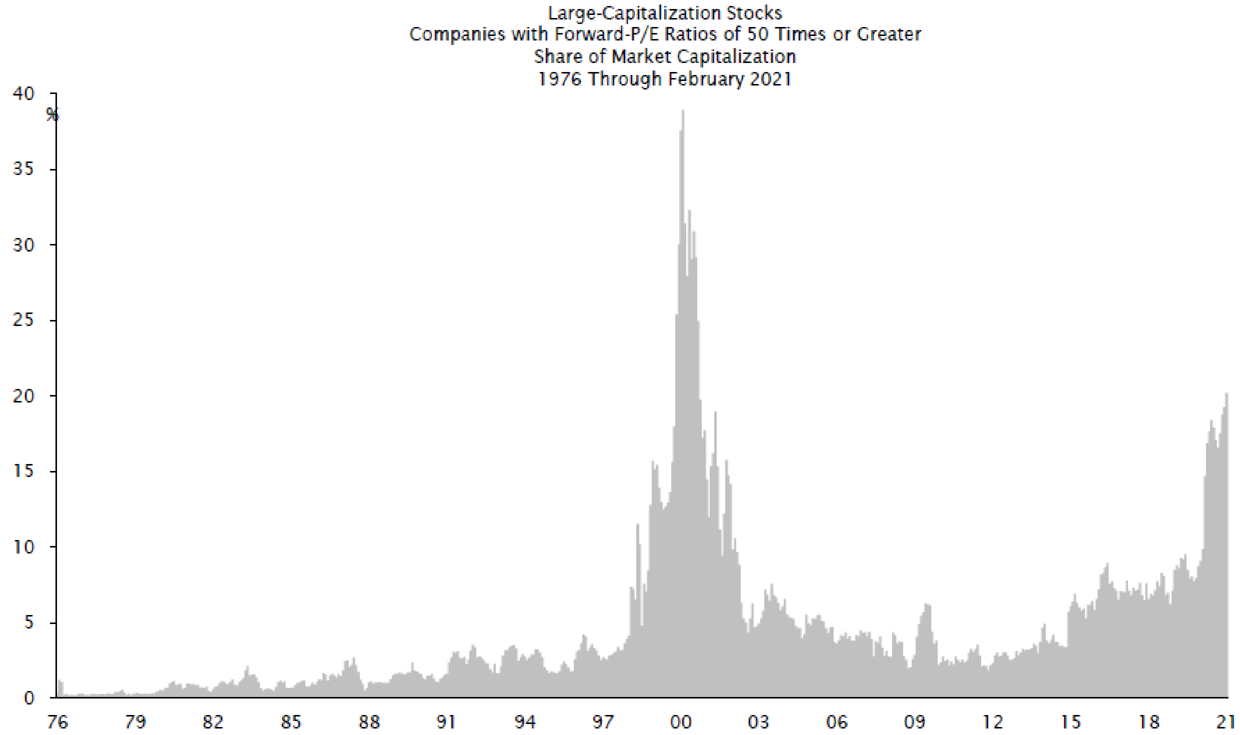
We sold shares of **FLIR Systems** in February 2021. Fortunately, our investment thesis was quickly validated by way of M&A. In January, Teledyne agreed to acquire the company for $8 billion. This agreement represented a 40% premium to FLIR's volume-weighted average price over the 30 days prior to the announcement. While we do not normally set out to own a stock for only six months, we were pleased with the outcome. However, given the stock component of the deal (which would have somewhat tied our short-term returns to Teledyne's stock) and attractive replacement candidates, we opted to exit prior to acquisition completion.

We sold **CDK Global,** a leading provider of auto dealer management software (DMS). Sales barely dipped during the financial crisis, illustrating the resiliency of the model. However, during the pandemic, auto dealers had to close their doors, causing CDK to work with customers on payments, offer discounts, and provide free trials of applications, including remote document signing tools. At the same time, CEO Bryan Krzanich had been working on a multi-year strategy to reshape the business and reinvigorate top-line growth. The decision was made to elevate investments in the business at the expense of margins and profits, while also divesting non-core segments. This path forward may prove to be the right one, but the transformation has been slow to evolve, putting pressure on the stock. The combination of dilutive divestitures, without corresponding investments or buybacks to fill profit gaps, and the slowly-progressing transformation resulted in steadily declining EPS estimates. As a result, the stock is more expensive today than at purchase, not what we had envisioned when we first stepped foot in. Thus, we stepped out in March.

Conclusion

As we lap the onset of the pandemic, it's important to look through the noise created by re-opening, stimulus and easy comparisons, and focus on companies' long-term earnings power, normalized growth rates, valuation and strategic positioning. Investor and sell-side euphoria often follows periods of outsized returns and can result in increased risk tolerance to justify the continuation of recent lofty trends. We believe active management is crucial at a time a like this, a time to focus on the generation of steady capital returns, as opposed to doubling down on recent excess. As highlighted in this letter, we've been opportunistic in incrementally positioning the portfolio for current market conditions, adding high-quality franchises at reasonable valuations. Our long-term looking glass evaluates business models, track records, management skill, valuations and growth opportunities through various cycles, providing a degree of clarity in an otherwise murky environment.

Merrill Lynch's Sell Side Indicator, a gauge of sentiment, is at a ten-year high and has historically been a contrarian signal. We believe that could spell trouble for frothier segments of the market where valuations are becoming excessive, perhaps unjustifiable.



Source: I/B/E/S, FactSet Research Systems, Empirical Research Partners Analysis

While excesses can and often do last longer than investors expect, we continue to follow our investment discipline of deploying capital to companies that meet EOG's back-tested investment pillars framework. From the table below, relative to the Russell 3000, one can see the median portfolio holding in Special Opportunities trades at a discount, is more profitable, has a more conservative balance sheet, and is expected to continue delivering faster and more consistent earnings growth.

Pillar Metrics: Growth, Valuation, Profitability & Balance Sheet Strength

	Growth/Stablity					Valuation			Profitability		Balance Sheet	
	20y EPS Growth	21y EPS Growth	22y EPS Growth	'17-'22 EPS CAGR	22 EPS vs '19 EPS	22y P/E	22y EV/ EBITDA	22y EV FCF Yld	ROE	EBITDA Mgn	Interest Coverage	Leverage
SO Median *	7%	18%	12%	14%	36%	19.1	13.0	4.5%	15.3	27.7	8.9	1.5
R3000 Median	-10%	11%	10%	7%	13%	21.8	14.0	3.7%	5.8	12.2	1.9	2.1
vs Benchmark	16%	7%	1%	8%	23%	-13%	-7%	23%	164%	127%	377%	-28%

**Representative account. Source: Bloomberg*

As always, we thank you for your interest in Sterling Capital's portfolios.

Josh Haggerty, CFA®
Associte Portfolio Manager

Dan Morrall
Senior Equity Analyst

Performance Disclosure: *Performance is preliminary and is annualized for periods longer than one year. Net of fees performance returns are presented net of the investment management fees and trading expenses. "Pure" Gross of fees performance returns do not reflect the deduction of any fees including trading costs; a client's return will be reduced by the management fees and other expenses it may incur. Investment management fees are described in Sterling's Form ADV 2A. Performance reflects the reinvestment of interest income and dividends and realized capital gains. The performance presented represents past performance and is no guarantee of future results. Performance is compared to an index, however, the volatility of an index varies greatly and investments cannot be made directly in an index. Market conditions vary from year to year and can result in a decline in market value due to material market or economic conditions. The Performance is considered Supplemental Information to the GIPS Composite Report which is attached.*

The Russell 3000® Index *measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000® Index is constructed to provide a comprehensive, unbiased and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are included.*

The Russell 1000® Growth Index *measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics.*

The Russell 1000® Value Index *measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® companies with lower price-to-book ratios and lower expected growth values. The Russell 1000® Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics.*

The S&P 500® Index *is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Currently, the S&P 500 Composite includes 500 of the largest stocks (in terms of stock market value) in the United States and covers approximately 80% of available market capitalization.*

Technical Terms: ***Free Cash Flow (FCF)****: measures a company's financial performance. It shows the cash that a company can produce after deducting the purchase of assets such as property, equipment, and other major investments from its operating cash flow.* ***Earnings Per Share (EPS)****: a key metric used to determine the common shareholder's portion of the company's profit. EPS measures each common share's profit allocation in relation to the company's total profit.* ***Return on Invested Capital (ROIC)****: a profitability or performance ratio that aims to measure the percentage return that a company earns on invested capital. The ratio shows how efficiently a company is using the investors' funds to generate income.* ***Price Earnings Ratio (P/E)****: is the relationship between a company's stock price and earnings per share (EPS). The P/E ratio shows the expectations of the market and is the price you must pay per unit of current earnings (or future earnings, as the case may be).* ***Return on Equity (ROE)****: the measure of a company's annual return (net income) divided by the value of its total shareholders' equity, expressed as a percentage.* ***Compound Annual Growth Rate (CAGR):*** *the measure of an investment's annual growth rate over time, with the effect of compounding taken into account. It is often used to measure and compare the past performance of investments, or to project their expected future returns.* ***EBITDA:*** *Earnings Before Interest, Taxes, Depreciation, and Amortization is a metric used to evaluate a company's operating performance. It can be seen as a proxy for cash flow from the entire company's operations.* ***OIBDA****: is an abbreviation for Operating Income Before Depreciation and Amortization. It is a non-GAAP measure of the financial performance of a company during a specific period of time while excluding the effects of capital spending and capital structure.* ***ESG****: ESG is the acronym for Environmental, Social, and (Corporate) Governance, the three broad categories, or areas, of interest for what is termed "socially responsible investors." They are investors who consider it important to incorporate their values and concerns (such as environmental concerns) into their selection of investments – as opposed to simply considering the potential profitability and/or risk presented by an investment opportunity.(Technical definitions are sourced from Corporate Finance Institute.)*

The Chartered Financial Analyst® (CFA) *charter is a graduate-level investment credential awarded by the CFA Institute — the largest global association of investment professionals. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.*

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Past performance is not indicative of future results. Any type of investing involves risk and there are no guarantees.

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Sterling Capital does not provide tax or legal advice. You should consult with your individual tax or legal professional before taking any action that may have tax or legal implications.

Sterling Capital Management – Special Opportunities SMA Composite

December 31, 2000 – December 31, 2019

Description: *Consists of all discretionary separately managed wrap Special Opportunities portfolios. Sterling's Special Opportunities equity portfolios invest primarily in companies with the best perceived combination of underlying growth potential and attractive valuation in a concentrated portfolio that has the flexibility to shift among styles.*

Year	Total Return "Pure" Gross of Fees	Total Return Net of Fees	No. of Portfolios	Composite Assets End of Period ($MM)	Percent of Firm Assets	Total Firm Assets ($MM)	Composite Dispersion (%)	Russell 3000 Index	Composite 3-yr St Dev (%)	Benchmark 3-yr St Dev (%)
2019	27.22	25.74	4	525	0.9	58,191	Not Meaningful	31.02	12.31	12.21
2018	-3.32	-4.46	4	453	0.8	56,889	Not Meaningful	-5.24	10.99	11.18
2017	20.55	19.08	4	493	0.9	55,908	Not Meaningful	21.13	9.85	10.09
2016	5.72	4.31	4	721	1.4	51,603	Not Meaningful	12.74	10.35	10.88
2015	9.59	8.00	4	901	1.8	51,155	Not Meaningful	0.48	9.67	10.58
2014	15.93	14.23	4	927	1.9	47,540	Not Meaningful	12.56	9.33	9.29
2013	26.61	24.72	4	850	1.9	45,638	Not Meaningful	33.55	13.49	12.71
2012	15.45	13.68	4	718	16.2	4,422	Not Meaningful	16.42	15.75	15.95
2011	-2.72	-4.18	3	776	19.7	3,932	Not Meaningful	1.03	17.35	19.62
2010	12.79	11.08	3	868	24.5	3,548	Not Meaningful	16.93	22.62	22.94
2009	39.65	37.53	2	752	26.5	2,839	Not Meaningful	28.34	21.26	20.61
2008	-32.07	-33.08	2	507	26.6	1,907	Not Meaningful	-37.31	19.08	16.02
2007	16.24	14.60	1	552	26.8	2,059	Not Meaningful	5.14	8.80	8.25
2006	23.07	21.29	1	346	26.3	1,314	Not Meaningful	15.72	8.62	7.62
2005	4.67	3.11	1	261	28.9	904	Not Meaningful	6.12	10.45	9.63
2004	29.90	27.85	1	155	29.7	522	Not Meaningful	11.95	14.87	15.05
2003	45.35	42.97	1	55	34.8	158	Not Meaningful	31.06	17.20	18.37
2002	-16.17	-17.58	1	27	52.9	51	Not Meaningful	-21.54		
2001	10.65	9.18	1	15	62.5	24	Not Meaningful	-11.46		
Annualized Since Inception	11.53	9.91						7.17		

Sterling Capital Management LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Sterling Capital Management LLC has been independently verified for the periods 01/01/01 to 12/31/19. The verification report(s) is/are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Notes:

1. Sterling Capital Management LLC (SCM) is a registered investment advisor with the SEC. Registration does not imply a certain level of skill or training. Sterling manages a variety of equity, fixed income and balanced assets. Prior to January 2001, Sterling was a wholly owned subsidiary of United Asset Management (UAM). In January 2001, Sterling Capital Management LLC purchased all the assets and business of Sterling Capital Management Company from UAM to become an employee owned firm. In April 2005, BB&T Corporation purchased a majority equity ownership stake in Sterling Capital Management LLC. In October 2010, the management group of Sterling Capital entered into an agreement with BB&T Corporation that reduced and restructured management's interest in Sterling Capital Management. Additionally, BB&T Asset Management merged into Sterling Capital Management. In January 2013, CHOICE Asset Management firm merged into Sterling Capital Management. "Percent of Firm Assets" and "Total Firm Assets" prior to 2013 are for CHOICE Asset Management. In August 2015, eight new employees joined Sterling Capital management via Stratton Management Company following the close of BB&T's purchase of Susquehanna Bancshares. In December 2019, BB&T Corporation and SunTrust Banks, Inc. Holding Company merged as equals to form Truist Financial Corporation. Sterling Capital Management LLC is a wholly owned subsidiary of Truist Financial Corporation. In August 2020, new employees joined Sterling Capital Management via the Investment Advisory Group of SunTrust Advisory Services. This reorganization aligns all of the discretionary fixed income asset management activities within Truist under Sterling.
2. George F. Shipp, CFA, has managed the portfolio since inception. No alterations of composites, as presented herein, have occurred due to changes in personnel or other reasons at any time.
3. Inception date of composite: December 31, 2000. Creation date: December 31, 2000. The appropriate index is the Russell 3000 Index which measures the performance of the largest 3,000 US companies, representing approximately 98% of the investable US market. It represents the universe of stocks from which all-cap managers typically select. The index is reconstituted annually. Total return includes price appreciation/depreciation and income as a percent of the original investment. A complete list of all of SCM's composites and their descriptions is available upon request. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.
4. Performance reflects reinvested interest income and dividends and realized and unrealized capital gains and losses. Portfolios utilize trade-date accounting. Valuations and performance are reported in US dollars. Composite returns are calculated monthly by weighting the aggregate SMA/Wrap sponsor returns using beginning of period market values. Periodic time weighted returns are geometrically linked. Returns are not calculated net of non-reclaimable withholding taxes due to immaterial dollar amounts.
5. The net of fee return reflects the actual SMA fee of the individual portfolios in each platform except for one platform where the maximum fee is deducted from the gross return. The SMA fee includes all charges for trading costs, portfolio management, custody and other administrative fees. The actual fee may vary by size and type of portfolio. Sterling's actual management fees are 50 basis points annually or less.
6. The annual composite dispersion presented is measured by an asset-weighted standard deviation calculation method of all portfolios in the composite for the entire year. The dispersion is not meaningful because less than six portfolios are in the composite. The three year annualized standard deviation measures the variability of the composite and benchmark returns over the preceding 36 month period. It is not required to be presented for annual periods prior to 2011 or when a full three years of composite performance is not yet available.
7. The performance presented represents past performance and is no guarantee of future results. Stock market conditions vary from year to year and can result in a decline in market value due to material market or economic conditions.