



**STERLING CAPITAL**

- Over \$56 Billion in Assets Under Management
- Strong Partnership with BB&T

**PHILOSOPHY**

- We believe that undervalued stocks offer superior appreciation potential with reduced volatility
- Focused on relative value: identifying stocks which are undervalued versus their peers
- Aim to add value primarily through positive stock selection across economic sectors
- Our long-term perspective values companies with multi-year catalysts and produces low portfolio turnover

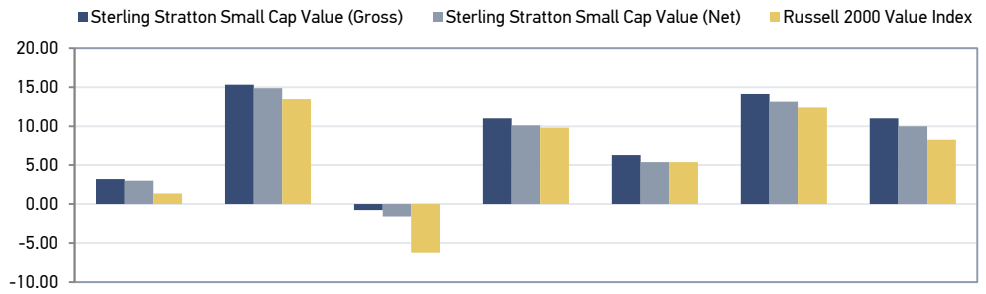
**PROCESS**

- Disciplined "Relative Value" Approach Combines the Benefits of both Quantitative and Fundamental Research
- Quantitative Analysis: reduces the small cap universe to a select group of undervalued stocks with favorable earnings and price momentum characteristics
- Qualitative Analysis: identify those undervalued stocks which possess a fundamental catalyst to drive earnings and valuation

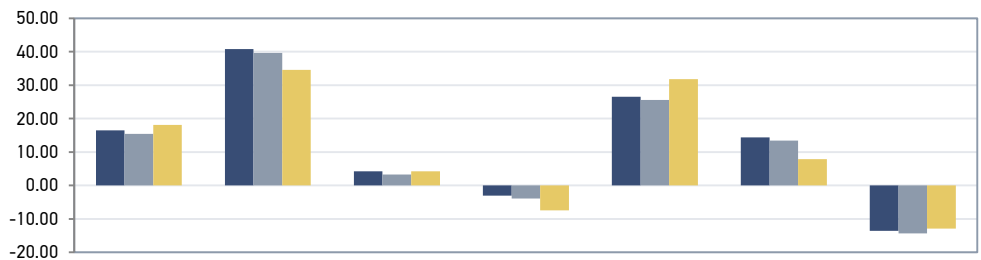
**STRUCTURE**

- Small Cap, Relative Value Focus
- High Active Share Portfolio; Value Added Primarily Through Stock Selection
- Consistent Process Since Inception

*\*Performance inception date is 12.31.2001. Data as of 06.30.2019. Index is Russell 2000 Value. 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. Gross of fees performance returns are presented before investment management fees and custodial fees but after all trading expenses; 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. Sources: Russell Investments, FactSet, Sterling Capital Management Analytics. The Performance and Portfolio Characteristics are considered Supplemental Information to the Composite Disclosure Presentation which is attached.*



Performance	QTR	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception*
Sterling (Gross)	3.20%	15.32%	-0.78%	11.01%	6.29%	14.14%	11.01%
Sterling (Net)	2.99%	14.86%	-1.59%	10.12%	5.40%	13.15%	9.99%
Index	1.37%	13.47%	-6.24%	9.81%	5.39%	12.40%	8.25%

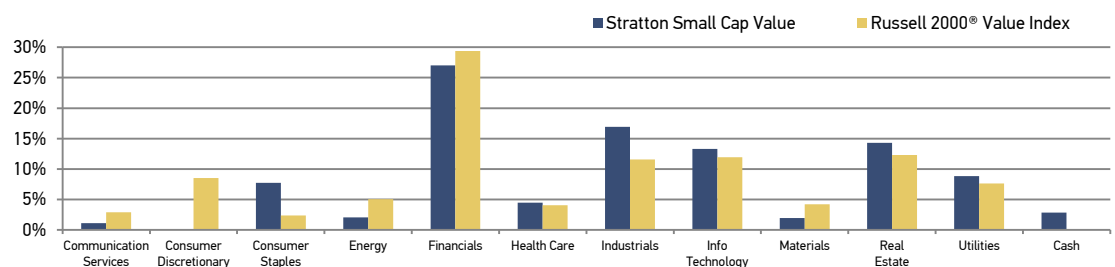


Year-End Returns	2012	2013	2014	2015	2016	2017	2018
Sterling (Gross)	16.48%	40.82%	4.24%	-3.03%	26.51%	14.37%	-13.59%
Sterling (Net)	15.44%	39.60%	3.31%	-3.93%	25.55%	13.41%	-14.30%
Index	18.05%	34.52%	4.22%	-7.47%	31.74%	7.84%	-12.86%

Portfolio Characteristics	Sterling		Index	Top Ten Equity Holdings	
	Value	Ratio		Company	Weight
Weighted Average Market Cap	\$4.8 B		\$2.2 B	1. CACI International Inc Class A	3.2%
Weighted Median Market Cap	\$4.4 B		\$2.0 B	2. Casey's General Stores, Inc.	3.1%
P/E Ratio (FY1)	17.5x		21.5x	3. Southwest Gas Holdings, Inc.	3.0%
Price/Book	2.7x		2.2x	4. Selective Insurance Group, Inc.	3.0%
Average Dividend Yield	1.7%		2.2%	5. El Paso Electric Company	2.9%
Number of Holdings	48		1,347	6. MasTec, Inc.	2.9%
Turnover	6.1%		---	7. Performance Food Group Company	2.9%
				8. Portland General Electric Company	2.9%
				9. Moog Inc. Class A	2.8%
				10. Hanover Insurance Group, Inc.	2.8%
				<b>Total % of Portfolio</b>	<b>29.5%</b>

*Ratios are computed using weighted average unless otherwise noted.*

**Sector Allocation**



*Turnover is for the last 12 months. Portfolio characteristics totals may not equal 100% due to rounding. Specific securities identified and described do not represent all of the securities purchased, sold or recommended to clients. There are no assurances that securities identified will be profitable investments. The securities described are neither a recommendation nor a solicitation.*



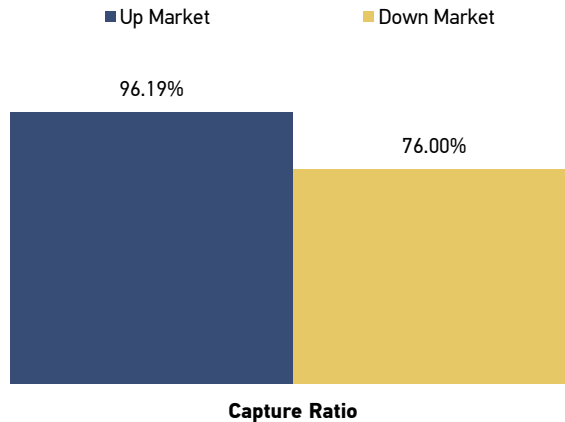
**SUMMARY STATISTICS**  
vs. Russell 2000 Value Index  
(of Quarterly Returns)

Gross of Fees, Since Inception (12.31.2001)	
Portfolio Return	11.01
Benchmark Return	8.25
Standard Deviation	17.87
Annualized Alpha	3.64
Beta	0.86
R Squared	0.89
Tracking Error	6.62
Information Ratio	0.41
Active Share	94.06

**Up Market/Down Market Capture Ratio**

**Stratton Small Cap Value vs. Russell 2000 Value Index**

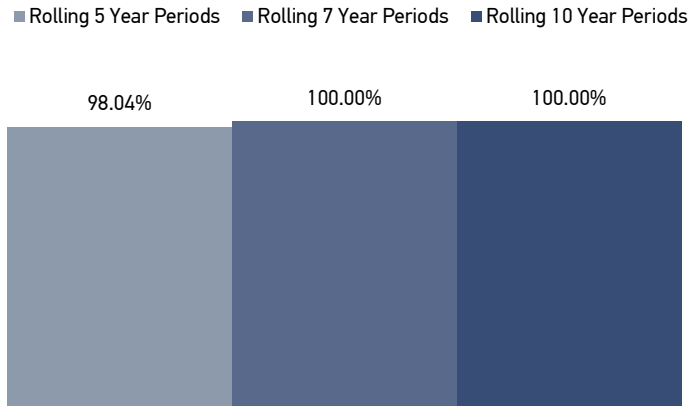
Gross of Fees, Since Inception (12.31.2001)



**Performance Consistency**

**% of Periods Portfolio Outperformed the Russell 2000 Value Index**

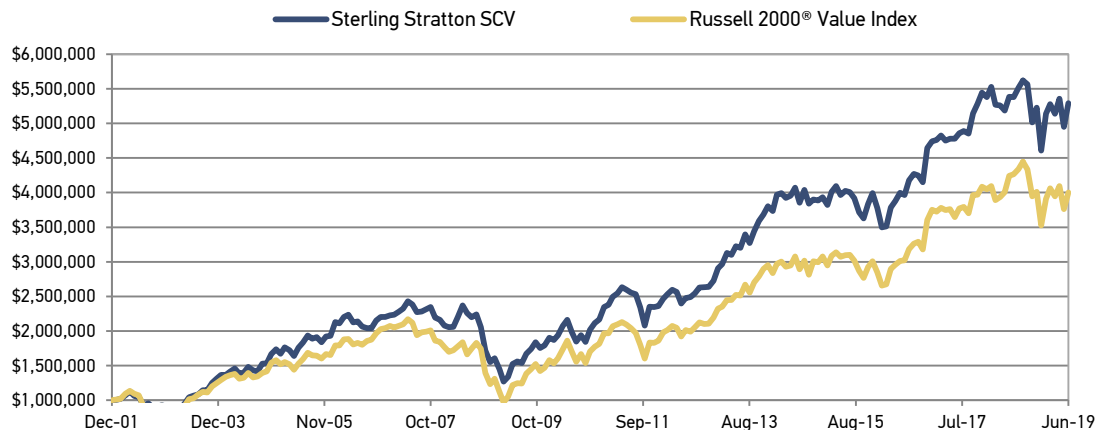
Rolling Periods (Quarterly) Gross of Fees, Since Inception (12.31.2001)



**Growth of \$1 Million**

**Stratton Small Cap Value vs. Russell 2000 Value Index**

Net of Fees, Since Inception (12.31.2001)



Data as of 06.30.2019. 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. Gross of fees performance returns are presented before investment management fees and custodial fees but after all trading expenses; 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. Up Market Capture is a measure of the manager's performance when the benchmark has positive returns for the period relative to the benchmark itself. Down Market Capture is a measure of the manager's performance when the benchmark has negative returns for the period relative to the benchmark itself. The Performance Consistency graph displays the "frequency" with which the Small Cap Value composite outperforms the Russell 2000® Value Index over rolling periods using quarterly data. The Growth of \$1 Million chart is hypothetical based upon the composite net of fees performance since inception. Sources: Russell Investments, eVestment Analytics, FactSet, Sterling Capital Management Analytics. The Performance, Summary Statistics, Up Market/Down Market Capture Ratio, Performance Consistency, and Growth of \$1 Million are considered Supplemental Information to the Composite Disclosure Presentation which is attached.

## Sterling Capital Management – Stratton Small Cap Value Composite

January 1, 2009 – December 31, 2018

*Description: Consists of all discretionary separately managed small capitalization equity portfolios managed in the Stratton relative value style. Sterling's Stratton small capitalization equity accounts invest primarily in companies similar to the market capitalization of the Russell 2000® Index.*

Year	Total Return Gross of Fees	Total Return Net of Fees	No. of Portfolios	Total Assets End of Period (\$MM)	Percent of Firm Assets	Total Firm Assets (\$MM)	Composite Dispersion (%)	Russell 2000® Value	Composite 3-yr St Dev (%)	Benchmark 3-yr St Dev (%)
2018	-13.59	-14.30	1	961	1.7	56,889	not meaningful	-12.86	14.99	15.76
2017	14.37	13.41	1	1,184	2.1	55,908	not meaningful	7.84	13.00	13.97
2016	26.51	25.55	1	1,277	2.5	51,603	not meaningful	31.74	14.08	15.50
2015	-3.03	-3.93	2	1,163	2.3	51,155	not meaningful	-7.47	12.58	13.46
2014	4.24	3.31	2	1,419	47.6	2,984	not meaningful	4.22	11.26	12.79
2013	40.82	39.60	2	1,167	44.3	2,635	not meaningful	34.52	14.75	15.82
2012	16.48	15.44	2	832	40.0	2,078	not meaningful	18.05	17.37	19.89
2011	1.55	0.64	1	772	40.8	1,892	not meaningful	-5.50	21.93	26.05
2010	24.43	23.33	1	856	42.5	2,013	not meaningful	24.50	23.66	28.37
2009	19.37	18.26	1	856	38.3	2,235	not meaningful	20.58		
Annualized Since Inception	10.42	9.40						7.69		

**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 12/31/16. 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. There were no changes in personnel. In April 2005, BB&T Corporation purchased a majority equity ownership stake in Sterling Capital Management LLC. There were no changes in personnel. 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. There were no material changes in personnel. In January 2013, CHOICE Asset Management firm merged into Sterling Capital Management. There were no changes in personnel. In August 2015, 8 new employees joined Sterling Capital Management via Stratton Management Company following the close of BB&T's purchase of Susquehanna Bancshares. There were no changes in "Percent of Firm Assets" and "Total Firm Assets" prior to 2015 are for Stratton Management Company, a wholly owned subsidiary of Susquehanna Bancshares, Inc.
2. Inception date of composite: December 31, 2001. Creation date: September 30, 2011. The appropriate index is the Russell 2000® Value Index which consists of stocks from the Russell 2000® Index with a less than average growth orientation and lower price-to-book ratios. It represents the universe of stocks from which value managers typically select. The index is reconstituted annually since 1989. 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.
3. Performance reflects reinvested interest income and dividends and realized and unrealized capital gains and losses. Valuations and performance are reported in US dollars. Beginning on August 1, 2015, all portfolios are valued monthly as of calendar month-end and utilize trade-date and accrued income accounting. Composite returns are asset weighted using the average capital base method that reflects both beginning market value and cash flows and uses the aggregate method. This method aggregates market values and cash flows for all the accounts and treats the composite as if it were one account. Composites are revalued for cash flows greater than 5%. Periodic time weighted returns are geometrically linked. Returns are not calculated net of non-reclaimable withholding taxes due to immaterial dollar amounts.
4. Gross of fees returns reflect the deduction of trading costs. Net of fee performance returns are presented after actual management fees and trading expense. Beginning on August 1, 2015, The stated fee schedule is: 1.00% on the first \$25 million and 0.75% on all incremental assets above \$25 million on an annual basis as described in Sterling Capital Management's Form ADV, Part 2A.
5. 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. It is not meaningful when there are less than six portfolios in the composite for the entire year. 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.
6. 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.