STERLING CAPITAL

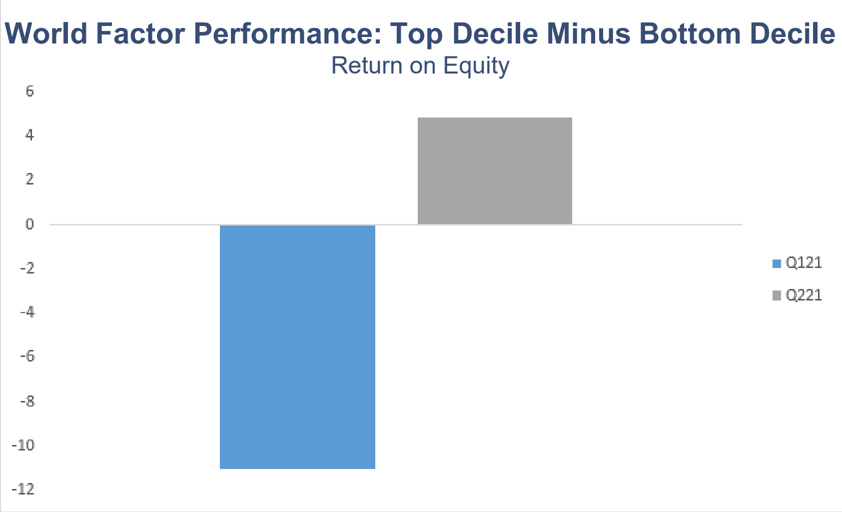
Global Leaders SMA Commentary | 2nd Quarter 2021

Simply stated, the philosophy behind the Sterling Capital Global Leaders portfolio is that global companies who establish themselves as #1 in their respective markets tend to stay #1 in those markets. Size usually translates to cost advantages in production, marketing, and R&D expenditures that can be re-invested back into the business, making such advantages sustainable. Not insignificantly, industry leaders tend to be well-managed, since it is highly unlikely a company becomes its industry's best via pure luck.

We expect most of the holdings will be global household names, so-called "blue-chip" companies. While numerous factors are considered, we believe a company's historical track record is the single best indicator of future financial success, so almost by definition our qualitative criteria should identify companies that already enjoy great success. Depending upon market conditions and specific situations, we retain the flexibility to sprinkle in medium-sized companies that we believe fit a common-sense definition of industry leadership. In doing so, we believe we distinguish our portfolio from other large-capitalization investment alternatives, ideally with the result of boosting long-term after-tax returns without taking on commensurate risk.

Quarterly Review

For the quarter, the Global Leaders strategy returned[1] 11.0% on a gross basis and 10.8% on a net basis, outperforming the 7.7% return for the MSCI World (Net) Index by 3.1%. As we noted last quarter, "quality is on sale," and in the second quarter we saw a sharp rebound in both the performance of quality stocks and in the performance of our strategy, benefiting from exposure to quality as part of our investment process. With the return in the performance of quality and the improving trends in our other process characteristics, we look for our Four Pillars process to provide natural tailwinds to outperformance in the long term just as they did in 2020. The chart below illustrates the performance of our Four Pillars in global equity markets during the first two quarters of 2021.

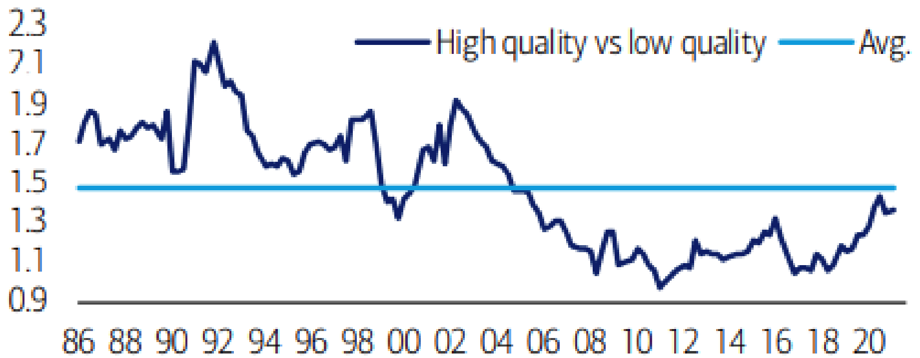


Source: Ned Davis Research.

With "quality on sale," we added more quality stocks during the second quarter. Several of our additions have the majority of their operations in the U.S., serving to tilt our exposure modestly to the U.S. The following graphic illustrates our reasoning, comparing the relative value of high-quality stocks relative to low-quality stocks in U.S. markets.

Relative Price/Sales of High (B+ or Better) vs. Low Quality (B or Worse)

1986-1Q2021



Sources: FactSet, BofA U.S. Equity & U.S. Quant Strategy.

[1]Please refer to the performance disclosure found on page 7 for more information.

By taking advantage of the valuation disparity, we further upgraded the quality metrics of the Global Leaders strategy. Of particular note, our trades during the quarter resulted in improved return on equity (ROE), higher gross margins, higher operating margins and stronger balance sheets for the overall strategy at quarter end.

Meanwhile, existing holdings continued to improve on a fundamental basis. Examples include:

- **Equinix** – At a conference this quarter, the CEO noted Equinix had "75% market share of cloud on-ramps in Q1 that were deployed in that timeframe," providing quick access to cloud-computing platforms worldwide for both companies and consumers.
- **LVMH** – In his 2Q report to shareholders, the CFO stated that the biggest challenge the company's cognac franchise faces is keeping inventory in stock.
- **Mettler Toledo** – This quarter, Mettler's CEO noted, "we are the global leader in real-time measurement of key process control parameters, which customers use to optimize their projection-production processes."

Overall, we were pleased with the rebound in performance this quarter, driven by our investment process remaining "true to style." In addition, we were excited for the opportunity to add several unique franchises that each enhanced the overall characteristics of the strategy and, given that quality stocks remain attractive relative to their low-quality counterparts, we are eager to see how our holdings perform for the remainder of the year.

Quarterly Attribution

2Q21 Contributors and Detractors

Leading Contributors	Portfolio Weight	Total Return	Contribution to Return	Leading Detractors	Portfolio Weight	Total Return	Contribution to Return
PayPal Holdings Inc.	6.98%	20.03%	1.37%	Tencent Holdings Ltd. Unsponsored ADR	5.77%	-3.93%	-0.20%
Facebook, Inc. Class A	6.30%	18.06%	1.10%	Vertex Pharmaceuticals Inc.	1.20%	-6.15%	-0.13%
Mettler-Toledo International Inc.	5.06%	19.87%	0.96%	Ferrari NV	3.20%	-1.06%	-0.06%
LVMH Moet Hennessy Louis Vuitton	5.16%	18.49%	0.91%	Alibaba Group Holding Ltd. Sponsored ADR	5.25%	0.02%	-0.03%
IHS Markit Ltd.	5.56%	16.62%	0.88%	Texas Instruments Inc.	1.28%	2.33%	0.03%

Source: Factset.

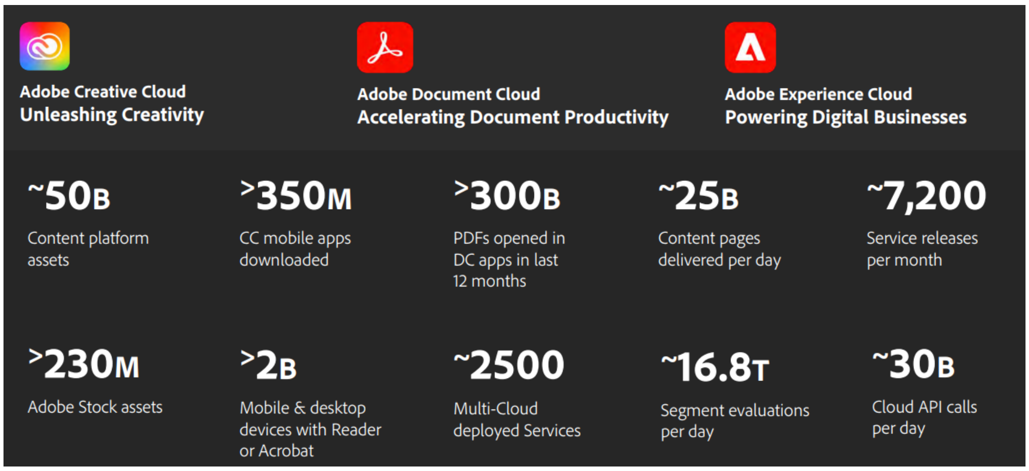
This quarter's performance benefitted from fundamental improvements in our holdings. Most notable was **PayPal** announcing a price increase for its PayPal and Venmo platforms as its value proposition of generating higher conversion rates and increasing transaction sizes for merchants (while also controlling fraud) generated the pricing power we seek in Global Leaders holdings. **Facebook** rewarded our patience this quarter as a federal judge dismissed the anti-trust case against the company, providing a boost to shares we continue to find attractive on a valuation basis. **Mettler-Toledo** delivered results and an outlook that separated it from its peers, forecasting double-digit top-line growth for the year while signaling robust pricing power and continued market share gains. **LVMH** continued to benefit from strong demand for prestige brands in China while its Sephora retail brand generated incremental reopening sales in the West. Finally, **IHS Markit** benefited from optimism regarding its pending acquisition by S&P Global.

Regulatory action in China weighed down **Tencent Holdings**, but with their price-to-earnings (P/E) ratio at its lowest since 2018, we look for the shares to rerate higher. **Vertex Pharmaceuticals** experienced a disappointing drug trial but, as the market appears to be valuing the discovery pipeline at zero, we find the shares attractive. **Ferrari** announced a new CEO from the semiconductor industry who received a tepid response from investors this quarter. **Alibaba** shares experienced the same headwinds as Tencent but we see similarities to our experience with Facebook (above), where patience may be rewarded when regulatory clouds clear. Finally, **Texas Instruments** took a break in terms of its relative performance, but still generated a positive absolute return in a strong quarter for global equities.

Purchases

Adobe is a leading global provider of software solutions utilized in a variety of digital marketing, commerce, and document management applications. The company segments its revenue into three primary areas: one, Creative Cloud (60% of fiscal 2020 revenue); two, Experience Cloud (24% of revenue); and three, Document Cloud (12% of revenue). A brief overview of these three segments, which comprise over 95% of Adobe's total revenue, is on the following page.

- **Creative Cloud (+19% growth in fiscal 2020):** Creative Cloud houses the mission-critical software tools that creative professionals use to create, edit, and publish visual artistry across a variety of mediums and formats. Anchor products in this area include Photoshop (imagery), Illustrator (graphics), and Premier (video). The roughly 50 million creative professionals and students around the world form the primary target market for Creative Cloud products. However, Adobe also serves a broader audience of well over 500 million "communicator" professionals, ranging from marketing professionals at major Fortune 500 companies to small business owners creating/managing their social media presence. We believe the company's competitive position is very strong here: for example, ~90% of creative professionals use Photoshop.
- **Experience Cloud (+12% growth in fiscal 2020):** Adobe's Experience Cloud is focused on the next steps in the value chain from its Creative Cloud – the management and distribution of sales/marketing content across a mix of digital mediums. Examples of the product offerings include the company's Marketo email marketing platform, Magento ecommerce platform, and Adobe Analytics, which aggregates data on 100 million retail/ecommerce SKUs. We like the complementary nature of the assets in this segment as they relate to the Creative Cloud. We also believe Adobe is well-positioned to benefit from the shift from the analog world of retail sales and TV/radio/print adverting into the digital world, especially in the context of one large ecommerce platform (Amazon), the increasing ability of brands to reach customers directly or via multiple retail/digital channels.
- **Document Cloud (+35% growth in fiscal 2020):** For many, this may be Adobe's most visible segment because it's where the company's Acrobat franchise operates, and its ubiquitous .PDF file format – more than 300 billion PDFs were opened last year. This business is going through a notable growth phase, as Adobe offers its Acrobat franchise to convert a number of paper-based manual workflows into the digital realm. For example, more than eight billion digital signatures were captured and processed through the company's Document Cloud last year. Adobe notes that not only is there a 90% savings in automating paper-based workflows, but there is also a substantial environmental burden that is relieved from such a transition.



Source: Adobe.

At the time of our purchase, Adobe traded at roughly 35x forward free cash flow. While this multiple is in-line relative to historical levels versus the S&P over the past five years, and it is a slight discount to the peer group above, we view it as attractive given the company's superior relative combination of growth and profitability. More specifically, even in a scenario in which we do not benefit from multiple expansion, we like Adobe's potential to drive attractive shareholder returns through above-average revenue growth and ability to generate above-average capital returns, which Adobe can reinvest into capturing more of its addressable markets or return to shareholders in the form of future buybacks and dividends.

Vertex Pharmaceuticals is a leading global biotechnology company, specializing in developing and commercializing high impact therapeutics for rare diseases. The company is primarily known for the very important work it's done to help people with Cystic Fibrosis (CF), a genetic condition that causes the body to over-produce thick and sticky mucus, which damages a carrier's lungs and other organs over time. There are only roughly 125,000 people in the world with CF according to Vertex's estimates, but the degenerative and severe nature of the condition make it one that is highly visible, particularly to those with friends or family touched by this disease. CF is often associated with chronic lung infections, regular need for airway clearance therapies, and high incidence of lung transplantation. The average age of mortality is unfortunately in the 40s.

Vertex's history in CF begins with the genetic mutation's first discovery in 1989. While for-profit research sponsorship was initially constrained by CF's small patient population, the trajectory of scientific advancement changed after about a decade thanks to an innovative move by the Cystic Fibrosis Foundation (CFF). In 2000, the CFF entered into a five-year, $47 million CF agreement with a small biotech company called Aurora. A year later, Vertex purchased Aurora for $600 million.

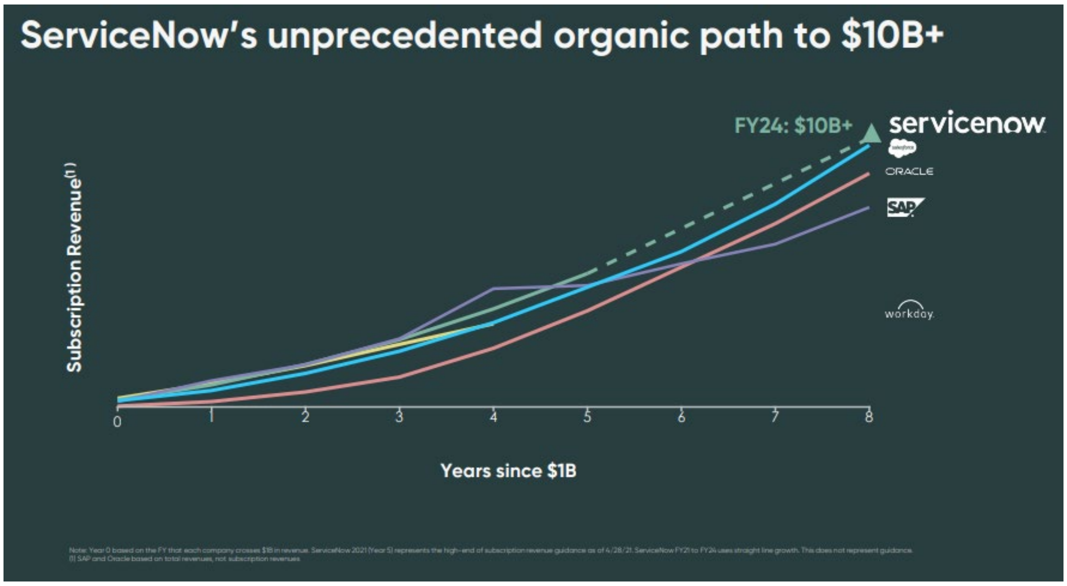
Over the next decade, Vertex found success in areas such as Hepatitis C, but it was not until 2012 that the company's first CF drug was approved: Kalydeco®. This monotherapy unfortunately only addressed 4% of CF patients, and was followed by Orkambi® in 2015 and Symdeko® in 2018, both of which were dual-therapy treatments that addressed a broader set of the CF population.

However, the Vertex story took a particularly positive turn for patients in late 2019, when the FDA approved Trikafta®. Trikafta is actually a cocktail of the three compounds that Vertex already brought to market. The company found through trials that the combination of the three drugs led to notably better outcomes for 90% of CF patients aged 12 and above. While it is too early to discern whether Trikafta may support longer life expectancy, we do observe a number of encouraging anecdotes that appear to drive material improvement in quality of life:

- Bridget McGarey notes: "…Here I am six months later, and I have not had a single CF [lung] exacerbation." (We observe from testimonials that CF patients often endure many lung infections per year).[1]
- Kynsie Riedel notes: "I … didn't expect an increase in my FEV1 (a standard measure of lung function)…, yet my test results showed a jump of 10%."[2]
- Nicholas Bell account: "Before, walking up a couple of stairs would have left Bell winded. Suddenly, it became easier, he says, 'I would go up two stairs at a time and be fine.'"[3]

We believe the core CF franchise should continue to drive an attractive fundamental story, whereby healthy free cash flows are additive to the company's already strong net cash position of more than $20 per share (or approximately 10% of the company's current market cap). And, with patent protection through the late 2030s, we believe we have strong visibility into future cash flows, the net present value of which alone may be sufficient to support Vertex's current stock price or better (the company's PE on 2020 estimates is roughly 19 times, or below the S&P 500® Index average of 23 times). That leaves the company's pipeline as upside in our view, and while we do not know which of the company's research efforts will result in a commercial product, we like Vertex's chances of yielding upside from one or more of these efforts over the long term.

ServiceNow (NOW) employs a software as a service (SaaS) model to help businesses automate their workflows in a manner that improves productivity for employees. Its founder began developing software to help corporations identify technology issues, assign the right people to address and fix the problem, and then remediate any systematic problems. From these humble beginnings, the company expanded into employee, customer, and creative workflows. The company was recognized by the Gartner research group in 2020 as a leader in its core business of Information Technology (IT) service management, as well as IT risk and vendor risk management tools. NOW's enterprise software solutions were embraced by the marketplace at a historic rate, as seen in the following graphic:



Source: Company Reports.

[1]"Hitting the Reset Button on My Life Because of Trikafta," Cystic Fibrosis Foundation, October 2020. https:/www.cff.org/CF-Community-Blog/Posts/2020/Hitting-the-Reset-Button-on-My-Life-Because-of-Trikafta
[2]"6 Month Trikafta Update (Part 1)," Cystic-Fibrosis, June 2020. https://cystic-fibrosis.com/living/trikafta-results
[3]"How the Cystic Fibrosis Miracle Drug Is Playing Out in Real Life," Elemental, March 2020. https:/elemental.medium.com/how-the-cystic-fibrosis-miracle-drug-is-playing-out-in-real-life-447de82c6191

The power of the NOW offering is its position as a platform or, as NOW refers to its Now Platform, a “platform of platforms,” where it integrates its product offering across departments of an enterprise that tend of operate within their own silos. Customers of the Now Platform come from a variety of industries, including telecommunications, healthcare, education and governments.

Source: Company Reports.

NOW appears to have several growth vectors that should benefit our clients. It has the potential for growth of not only new customers, but new users within those customers, as well as adding new products for these users that should translate into higher revenues per customer over time. In addition, by expanding adoption of its workflow solutions beyond IT professionals, the future for NOW appears bright.

Removals

Aon is the world's largest insurance broker and intermediary, with a presence in over 120 countries. When we purchased Aon shares, we noted its position as the world’s #1 insurance broker, #1 reinsurance broker, #1 employee benefits broker, #1 benefits administrator, and #1 private healthcare exchange provider. The valuation was depressed due to pricing pressure in its reinsurance division, but we maintained confidence in Aon’s strong management team and leadership position across business lines. That investment thesis was handsomely rewarded, and now Aon is firing on all cylinders, reporting one of the strongest organic growth results in recent memory. With a valuation at the high end of the range, and uncertainty regarding the potential merger approval with competitor Willis Towers Watson, we elected to redeploy our capital into more attractive perceived risk/reward opportunities.

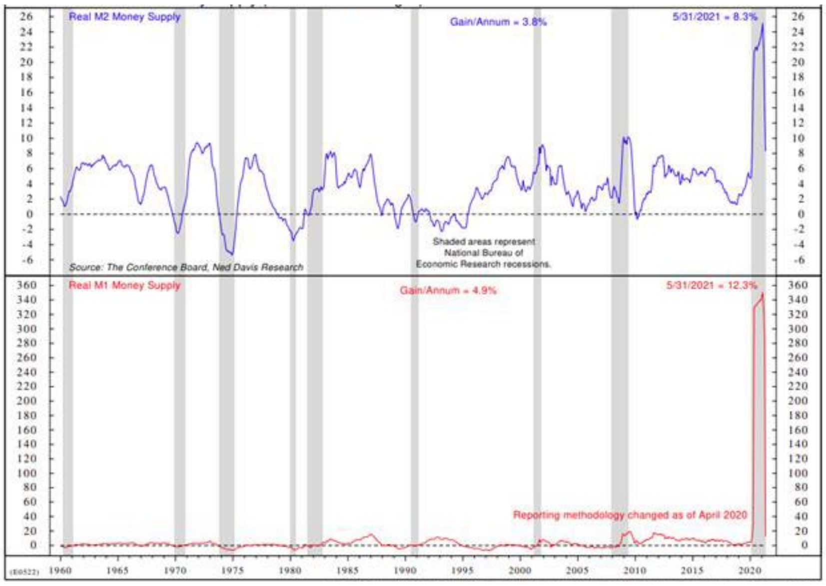
CSL Limited (CSL) is the largest plasma product company globally and is headquartered in Parkville, Australia near Melbourne. Formed as Commonwealth Serum Laboratories in 1916, CSL now operates in 30 countries and is the market share leader with roughly 31% of the market (U.S. 47% of sales) and a growing presence in China, and its gross margins are among the highest in the industry. We purchased CSL shares when the valuation of the stock declined over concerns that COVID-19 had slowed collections at its centers worldwide, with the thesis that once the global economy reopened, traffic at its centers would return and the valuation would once again recognize the merits of CSL’s unique franchise. However, since our purchase, advances in competing immunoglobulin therapies are progressing ahead of expectations, leading to the risk of potential market share losses and pressure on top-line growth. Given the increased competitive threats to this profitable line of business, we elected to redeploy our capital into another more compelling healthcare stock.

Restaurant Brands International (QSR) shares rebounded nicely from 2020 lows, and investments in Tim Horton’s to improve the product line appear to be reflected in the valuation. With new opportunities presenting themselves in the market, we elected to sell our relatively small position in QSR shares and to redeploy that capital into more attractive perceived risk/reward opportunities.

Outlook

As we enter the second half of the 2021, we believe there are two important ideas to consider. First, the pace of unprecedented monetary stimulus, employed in 2020 to stimulate the U.S. economy during the COVID-19 pandemic, is slowing drastically. The chart on the following page provides some perspective on the explosion of the money supply in the U.S. over the past year and the current pace now that economic data points across the board have improved dramatically.

Real M2 & M1 Money Supply: Year to Year Changes



Source: Ned Davis Research. Monthly data from 01.01.1960-05.31.2021.

Decelerating money supply typically correlates to decelerating earnings growth, as Bloomberg estimates this quarter will see peak earnings per share (EPS) growth and that growth should decelerate going forward. In this market environment, we believe our portfolio holdings, with attractive, stable earnings growth, to shine, as they tend to benefit from longer-term secular growth trends relative to short-term cyclical growth. In that context, we look to the rest of 2021 and into 2022 with a sense of anticipation and excitement given our current portfolio positioning.

Depicts Actual and Consensus Estimates. Source: Bloomberg

Finally, we note that this quarter, two members of the Equity Opportunities Group (EOG), Chip Wittmann, CFA® and Colin Ducharme, CFA®, secured certificates in ESG investing from CFA® United Kingdom[1] as part of the effort to continue to integrate ESG investing in the EOG team's investment process, among other investment factors. Obtaining the certification was a useful process to understand further the historical context of ESG and the integration and reporting aspects of the discipline. The continued building of our knowledge base through time is part of our quest to drive value for our clients.

Thank you for your investment and confidence in us.

Chip Wittmann, CFA®
Portfolio Manager

[1]The Certificate in ESG Investing is developed, administered, and awarded by CFA® Society of the United Kingdom (CFA UK) and successful candidates will receive the CFA UK Level 4 Certificate in ESG Investing. Source: https://www.cfainstitute.org/en/programs/esg-investing

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. Gross of fees performance returns reflect the deduction of 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 ICE U.S. Dollar Index futures contract is a leading benchmark for the international value of the U.S. dollar and the world's most widely-recognized traded currency index. In a single transaction the USDX enables market participants to monitor moves in the value of the U.S. dollar relative to a basket of world currencies, as well as hedge their portfolios against the risk of a move in the dollar. U.S. Dollar Index futures are traded for 21 hours a day on the ICE platform.

The MSCI China Index captures large and mid-cap representation across China A shares, H shares, B shares, Red chips, P chips and foreign listings (e.g., ADRs). With 714 constituents, the index covers about 85% of this China equity universe. Currently, the index includes Large Cap A and Mid Cap A shares represented at 20% of their free float adjusted market capitalization.

The MSCI EAFE Index is an equity index which captures large and mid-cap representation across 21 Developed Markets countries around the world, excluding the U.S. and Canada. With 900 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Developed Markets countries in the MSCI EAFE Index include: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the U.K.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

The MSCI World Index: The MSCI World Index is a broad global equity index that represents large and mid-cap equity performance across all 23 developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country.

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: **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. **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). **Free cash flow (FCF**): 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. In other words, FCF measures a company's ability to produce what investors care most about: cash that's available to be distributed in a discretionary way. **Gross Margin Ratio**: also known as gross profit margin ratio, is a profitability ratio that compares the gross margin of a company to its revenue. It shows how much profit a company makes after paying off its Cost of Goods Sold (COGS). **Net Debt-to-EBITDA:** The net debt-to-EBITDA ratio measures a company's ability to pay off its liabilities. It shows how much time the company needs to operate at the current debt and EBITDA levels to pay all of its debt. **Operating Margin:** equal to operating income divided by revenue. Operating margin is a profitability ratio measuring revenue after covering operating and non-operating expenses of a business. Also referred to as return on sales, the operating income indicates how much of the generated sales is left when all operating expenses are paid off. **Price to Sales Ratio (P/S)**: a formula used to measure the total value that investors place on the company in comparison to the total revenue generated by the business. It is calculated by dividing the share price by the sales per share. **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. Return on Equity is a two-part ratio in its derivation because it brings together the income statement and the balance sheet, where net income or profit is compared to the shareholders' equity. The number represents the total return on equity capital and shows the firm's ability to turn equity investments into profits.(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.

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. Security information is being obtained from resources the firm believes to be accurate, but no warrant is made as to the accuracy or completeness of the information.

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

The opinions contained in the preceding commentary reflect those of Sterling Capital Management LLC, and not those of Truist Financial Corporation or its executives. The stated opinions are for general information only and are educational in nature. These opinions are not meant to be predictions or an offer of individual or personalized investment advice. They are not intended as an offer or solicitation with respect to the purchase or sale of any security. This information and these opinions are subject to change without notice. All opinions and information herein have been obtained or derived from sources believed to be reliable. Any type of investing involves risk and there are no guarantees. Sterling Capital Management LLC does not assume liability for any loss which may result from the reliance by any person upon such information or opinions.

Investment advisory services are available through Sterling Capital Management LLC, a separate subsidiary of Truist Financial Corporation. Sterling Capital Management LLC manages customized investment portfolios, provides asset allocation analysis and offers other investment-related services to affluent individuals and businesses. Securities and other investments held in investment management or investment advisory accounts at Sterling Capital Management LLC are not deposits or other obligations of Truist Financial Corporation, Truist Bank or any affiliate, are not guaranteed by Truist Bank or any other bank, are not insured by the FDIC or any other federal government agency, and are subject to investment risk, including possible loss of principal invested.

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 – Global Leaders SMA Composite

December 31, 2000 – December 31, 2020

Description: Consists of all discretionary separately managed wrap Global Leaders portfolios. Sterling's Global Leaders equity portfolios invest primarily in companies which have established themselves as market leaders, exhibiting sustainable advantages in production, marketing and research and development.

Year	Total Return "Pure" Gross of Fees	Total Return Net of Fees	No. of Portfolios	Composite Assets End of Period ($MM)	Total Firm Assets ($MM)	Composite Dispersion (%)	Benchmark	MSCI World (Net)	Composite 3-yr St Dev (%)	Benchmark 3-yr St Dev (%)
2020	20.58	19.19	42	30	70,108	0.62	15.90	15.90	16.50	18.27
2019	29.39	27.85	51	29	58,191	0.87	27.67	27.67	10.44	11.14
2018	-4.23	-5.41	57	26	56,889	0.50	-8.71	-8.71	9.90	10.38
2017	19.80	18.34	63	29	55,908	0.51	22.40	22.40	9.54	10.07
2016	5.25	3.99	88	37	51,603	0.30	7.51	7.51	10.07	10.80
2015	-0.63	-1.81	80	38	51,155	0.37	1.38	-0.87	10.05	10.47
2014	10.40	9.06	89	41	47,540	0.40	13.69	4.94	9.31	8.97
2013	30.51	28.94	96	43	45,638	0.48	32.39	26.68	12.38	12.11
2012	11.28	9.88	105	37	4,422	0.40	16.00	15.83	14.59	15.30
2011	-2.81	-4.03	133	43	3,932	0.49	2.11	-5.54	16.98	18.97
2010	14.77	13.32	137	46	3,548	0.32	15.06	11.76	22.25	22.16
2009	44.06	42.13	141	43	2,839	1.59	26.46	29.99	20.88	19.91
2008	-38.43	-39.26	165	33	1,907	1.19	-37.00	-40.71	17.86	15.29
2007	16.61	15.06	151	52	2,059	0.76	5.49	9.04	7.50	7.79
2006	17.79	16.18	141	41	1,314	0.38	15.80	20.07	7.02	6.92
2005	8.18	6.67	105	28	904	0.39	4.91	9.49	8.85	9.17
2004	15.61	13.90	62	16	522	0.98	10.88	14.72	13.80	15.07
2003	21.32	19.34	41	10	158	2.10	28.68	33.11	17.96	18.47
2002	-19.50	-20.80	39	7	51	0.40	-22.10	-19.89		
2001	-14.71	-15.94	12	4	24	0.10	-11.89	-16.82		

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. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of the CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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. In March 2016, Charles J. Wittmann, CFA, became the portfolio manager with the retirement of Guy W. Ford, CFA. Guy W. Ford, CFA, managed the portfolio from January 2012 to March 2016, succeeding George F. Shipp, CFA, who had 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. Effective 1/1/2016, the composite was renamed from "Leaders" to "Global Leaders." The appropriate benchmark index is the S&P 500 from inception to 12/31/2015 and the MSCI World Net index from 1/1/2016 forward. The MSCI World Index is a broad global equity benchmark that is rebalanced quarterly, and represents large and mid-cap equity performance across 23 developed markets countries. The MSCI World index covers approximately 85% of the free float-adjusted market capitalization in each country, and does not offer exposure to emerging markets. The S&P 500 is an unmanaged, weighted index of 500 stocks providing a broad indicator of price movements. 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 SCM's broad distribution pooled funds and their descriptions is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Composite Reports are available upon request.
4. Performance reflects reinvested interest income and dividends and realized and unrealized capital gains and losses. All portfolios utilize trade-date and accrued income accounting. Valuations and performance are reported in U.S. dollars. Periodic time weighted returns are geometrically linked. Returns are not calculated net of non-reclaimable withholding taxes due to immaterial dollar amounts. Beginning July 1, 2020, portfolio performance is calculated daily including cash flows. Daily calculations are geometrically linked to create time weighted returns. Composite returns are asset weighted using the beginning market value and time weighted return of the portfolios. Prior to July 1, 2020, portfolio returns were calculated using the Modified Dietz Method and revalued for cash flows greater than 10%. Composite returns are calculated by weighting the individual portfolio returns using beginning of period market value plus weighted cash flows.
5. "Pure" gross of fees returns are presented as supplemental information and do not reflect the deduction of any fees including trading costs. "Pure" gross of fees returns do not reflect the deduction of any fees including trading costs. The net of fee return reflects the actual SMA fee of the individual account. The SMA fee includes all charges for trading costs, portfolio management, custody, administrative fees, and foreign withholding taxes. The maximum SMA or bundled external platform fee is 2.57% annually and includes Sterling's actual management fee of 0.32%. Sterling's actual management fees are 32 basis points annually. Since inception, the composite is comprised 100% of wrap fee portfolios.
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, and is calculated using gross of fee returns. It is not meaningful when there have been less than six portfolios in composite for entire calendar year. The three year annualized standard deviation measures the variability of the composite and benchmark returns over the preceding 36 month period. The composite 3-year standard deviation is calculated using gross of fee returns. 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.