The philosophy behind the Sterling Capital Insight portfolio is that few investors should possess better insight into the future prospects of a company than its executives and board members. Just as lower valuations generally tilt the odds of investing success in investors' favor, so too does insider buying. That thesis is validated by academic studies from researchers at Harvard, Yale, Stanford, and the University of Michigan, which independently found that, over time, corporate insiders achieve superior risk-adjusted returns. A peer-reviewed article published in the November 2011 edition of the International Review of Economics and Finance further validated those findings, concluding that "Insider actions have positive predictive power for future returns. Managers know more about their companies than any outsider, including Wall Street analysts, and as such investors could benefit from observing the behavior of insiders. Results are statistically significant."

The majority of the Insight portfolio is invested in companies with recent insider buying activity. We also retain the flexibility to own companies in which insiders own a substantial (at least 5%) stake of the company, whereby their incentives already are well-aligned with ours as shareholders, but where it would be less likely to expect insiders to take a further stake via additional purchases. Such flexibility also enables the portfolio to invest in overseas companies that trade on U.S. exchanges, where insider buying is not reported in real time.

Performance

Stocks rose nicely in the quarter, especially here in the United States, where an economic recovery appears further along than in many western markets. In fact, it marked the fifth-straight quarter of at least 5% gains for the S&P 500® Index for only the second time since World War II (the other occurrence came in 1954).

In a reversal of first quarter's fortunes, growth outperformed value (in part reflecting the decline in Treasury yields during the second quarter), though value still holds a modest edge on a year-to-date basis (Treasury yields are up year-to-date). As of this writing, ten-year Treasury yields had fallen to 1.3%. That lower discount rate benefits companies with more of their expected cash flows in future years and decades, i.e., mostly concept and growth companies.

Value/Growth Returns

Source: Credit Suisse. Left-hand y-axis represents percentage points of outperformance for value vs. growth since November 2020 (shown in blue). Right-hand y-axis represents ten-year Treasury yields

For the quarter, equity appreciation was reasonably broad-based across small-, mid-, and large-sized companies, with all but one sector (Utilities) generating positive returns. Energy's double-digit percentage gain was an area where the Insight portfolio held no direct exposure, representing a headwind to quarterly performance.

Asset Class Performance June, Q2, and First Half - Total Return (%)

US Related

ETF	Description	June	Q2	First Half
SPY	S&P 500	2.25	8.36	15.25
DIA	Dow 30	-0.05	4.88	13.74
QQQ	Nasdaq 100	6.26	11.19	13.24
IJH	S&P Midcap 400	-1.12	3.53	17.55
IJR	S&P Smallcap 600	0.34	4.33	23.52
IWB	Russell 1000	2.44	8.40	14.91
IWM	Russell 2000	1.87	3.97	17.38
IWV	Russell 3000	2.37	8.10	15.06
IVW	S&P 500 Growth	5.62	11.84	14.27
IJK	Midcap 400 Growth	1.05	3.37	12.31
IJT	Smallcap 600 Growth	1.67	3.54	16.43
IVE	S&P 500 Value	-1.13	4.90	16.30
IJJ	Midcap 400 Value	-2.89	3.68	22.91
IJS	Smallcap 600 Value	-0.71	4.90	30.41
DVY	DJ Dividend	-2.86	3.05	23.29
RSP	S&P 500 Equalweight	0.02	6.70	19.06
FXB	British Pound	-2.53	0.29	0.99
FXE	Euro	-2.84	0.86	-3.43
FXY	Yen	-1.20	-0.50	-7.36
GBTC	Bitcoin Trust	-1.36	-40.43	-6.84
ETHE	Ethereum Trust	-11.27	25.04	44.32
XLY	Cons Disc	3.46	6.39	11.39
XLP	Cons Stap	-0.55	3.09	4.96
XLE	Energy	4.19	10.88	45.07
XLF	Financials	-3.05	8.17	25.50
XLV	Health Care	2.29	8.31	11.84
XLI	Industrials	-2.29	4.33	16.36
XLB	Materials	-5.27	4.90	14.67
XLK	Technology	6.88	11.38	14.01
XLC	Comm Services	2.95	10.63	20.41
XLU	Utilities	-2.22	-0.51	2.38

Global

ETF	Description	June	Q2	First Half
EWA	Australia	-1.49	6.26	9.99
EWZ	Brazil	5.78	23.05	11.04
EWC	Canada	-0.98	10.13	21.59
ASHR	China	-3.75	4.97	1.20
EWQ	France	-1.81	9.88	15.07
EWG	Germany	-1.65	5.23	10.76
EWH	Hong Kong	-3.57	1.95	9.98
PIN	India	0.57	4.97	11.39
EWI	Italy	-2.16	4.05	11.36
EWJ	Japan	-0.79	-0.71	0.70
EWW	Mexico	0.53	10.35	12.51
EWP	Spain	-6.23	5.24	6.61
RSX	Russia	3.02	12.28	20.00
EWU	UK	-1.59	6.20	13.53
EFA	EAFE	-1.08	5.38	9.59
EEM	Emerging Mkts	0.95	3.84	7.20
IOO	Global 100	2.34	8.50	13.84
BKF	BRIC	1.19	4.07	5.05
CWI	All World ex US	-0.53	5.56	10.37
DBC	Commodities	3.49	15.89	30.95
DBA	Agric. Commod.	0.22	9.98	15.43
USO	Oil	9.82	23.07	51.11
UNG	Nat. Gas	24.33	36.53	42.17
GLD	Gold	-7.15	3.54	-7.14
SLV	Silver	-6.49	6.70	-1.42
SHY	1-3 Yr Treasuries	-0.17	-0.05	-0.14
IEF	7-10 Yr Treasuries	1.02	2.47	-3.41
TLT	20+ Yr Treasuries	4.42	7.02	-7.87
AGG	Aggregate Bond	0.83	1.77	-1.66
BND	Total Bond Market	0.90	1.93	-1.78
TIP	T.I.P.S.	0.72	3.21	1.47

Source: Bespoke.

Nevertheless, the Insight portfolio delivered a 5.6% total return (gross of fees) and a 5.3% total return (net of fees) for the quarter. Insight was bracketed by its primary and secondary benchmarks: the S&P 500® (+8.6%), the Russell 1000® (+8.5%), and the S&P Midcap 400® (+3.6%). For the first half of the year, Insight racked up a 16.9% total return (gross) and a 16.3% total return (net), which compares to 15.2% for the S&P 500, 15.0% for the Russell 1000, and 17.6% for the S&P Midcap 400.

Best and Worst Performers

Nine of our portfolio's holdings turned in double-digit percentage gains for the quarter, while the worst stock in the portfolio declined just -5%.

Best for the 90-day interval was Google parent **Alphabet**, which jumped 21% amid a sharp recovery in online advertising and an acceleration in the pace of the company's share buyback program. "It is well understood that consumers switched media consumption to digital channels during the pandemic. Advertisers have now accepted the shift as permanent and shifted ad spend accordingly," Jefferies Research said. **Eli Lilly** shot up 20% through the date of our sale, on encouraging news for an Alzheimer's drug from a competitor. Elsewhere toward the top of the leader board, insurance broker **Marsh & McLennan** rose 16%, with insurance pricing remaining robust and Marsh benefiting from merger uncertainty at rivals Aon and Willis Towers Watson. Rounding out our top five performers were **Microsoft** (+15%) and wireless tower operator **Crown Castle** (+14%).

Worst for the quarter were agricultural seed and chemical company **Corteva** (-5%), amid commodity prices softening following multi-year highs. The stock was a star performer in the first quarter, when it shot up 20%, so this past quarter's pause seems relatively unconcerning. Activist investor Starboard Value appears to have succeeded in its quest to install new executive-level talent, which may be the catalyst needed to take Corteva's profitability up toward that of industry competitors.

We continued adding to new purchase **Global Payments** (-4%) on weakness (see Portfolio Changes section for additional information about the company). **Verizon** (-3%) and personal care products manufacturer **Kimberly Clark** (-3%) each dipped. Both companies under-index to an economic snapback, likely a factor in their underperformance. In both cases, valuation sits near multi-year lows, providing what we believe to be an asymmetrical risk/reward profile. Finally, **Carmax** (-3%) *decelerated* after leading the portfolio with a 40% gain in the first quarter. Its omni-channel efforts, enabling consumers to purchase and finance cars online, in-store, or both, appear to be bearing fruit. The company reported a 99% increase in same-store sales, amid strong demand and low inventory availability for used vehicles.

Portfolio Changes

During the quarter, we added three holdings and sold two. Our two sales for the quarter were residential property manager FirstService and pharmaceutical giant Eli Lilly. In both cases, our sale acknowledged excellent companies juxtaposed with potentially "as good-as-it-gets" valuation.

For **FirstService**, we like the company's long runway of opportunity in fragmented markets. The housing market that FirstService addresses remains strong, though we suspect investors are already pricing in above-consensus results, as amenity services – such as managing pools, fitness centers, and painting projects – return to pre-pandemic levels. Valuation was our concern, with FirstService shares trading at 40x estimated 2022 earnings and a at 93% premium to the S&P 500® – both all-time highs. By contrast, at the time of our initial purchase in June 2015, shares traded at 20x year-ahead earnings and a 20% premium to the S&P 500. No complaints here – the stock was a six-bagger in our less than six years of ownership.

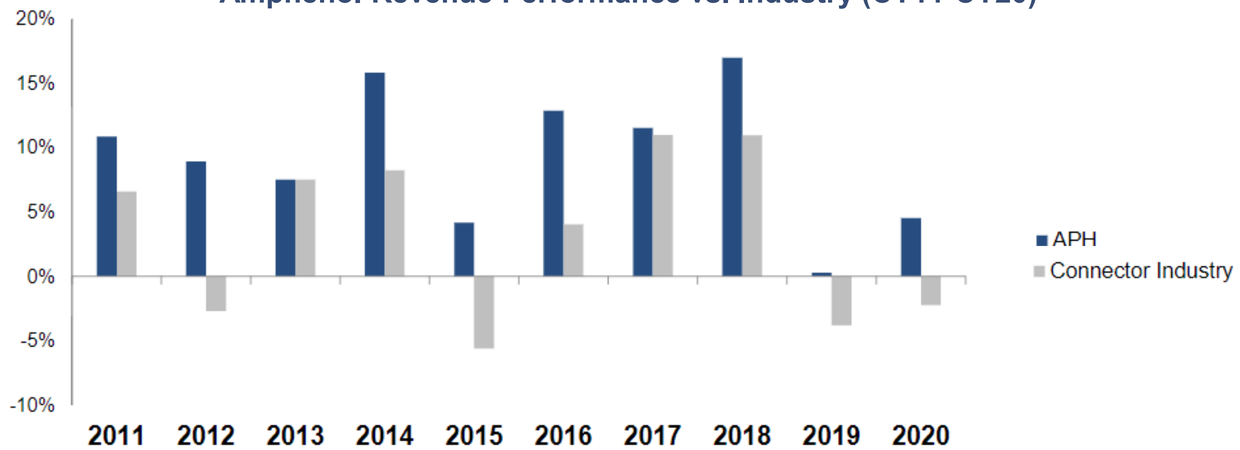
In **Eli Lilly's** case, the company's development pipeline saw results that were both better, and sooner, than expected. Two cancer drugs delivered clean efficacy and safety profiles, while an Alzheimer's treatment may be on a path to accelerated regulatory review. At the time of our purchase in October 2019, shares traded near parity with the S&P 500, while by the time of our sale they appreciated to nearly a 25% premium, with the stock's 25x earnings multiple roughly matching its highest level since 2003. During our ownership, shares approximately doubled in value.

On the purchase side of the ledger, we added electronic components maker Amphenol, payments processor Global Payments, and specialty retailer Dollar Tree.

The addition of **Amphenol** represented the portfolio's first Technology purchase in *three years*. We are agnostic investors, meaning that we let insiders point us in the direction of perceived opportunities – whether large companies or small, domestic or overseas, high-tech or mundane. As technology valuations soared over the past several years, insider buying in that sector was sparse, limiting the number of potential purchase candidates. That started to change earlier this year, as Technology lagged in the first quarter amid a resurgence of more economically-sensitive companies. Lo and behold, insider buying in the Technology sector responded accordingly.

We've long admired Amphenol, having previously owned it in the portfolio way back in 2012-13. Insight has also owned competitors Molex and TE Connectivity. In other words, we like these connector companies' broad exposure to growing end markets, such as electric vehicles, aerospace/defense, 5G mobile networking, and computing of all types (ranging from mobile phones to cloud data centers). These companies' ability to design and deliver components that must endure in high pressure, high temperature, high vibration, and other high-stress environments is a key part of their unique value proposition. Amphenol ranks #2 globally in a mid-single-digit growth industry, and has grown its market share in recent years. Over the past decade, it has grown its revenue at a near-10% annualized clip.

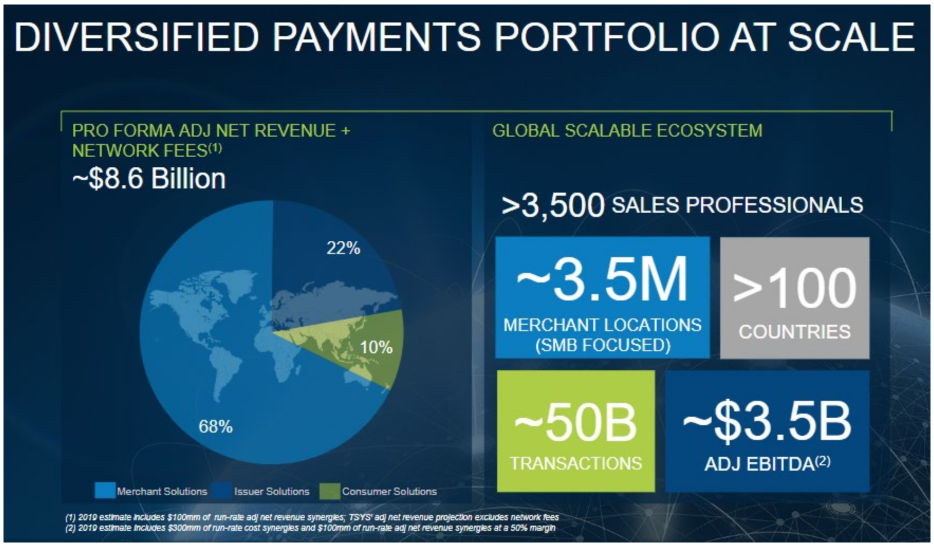
Amphenol Revenue Performance vs. Industry (CY11-CY20)



Sources: Bishop & Associates, Company Data, Evercore ISI Research.

Business is starting to recover from the pandemic, with the company's most-recent quarter featuring 27% order growth. Amphenol was one of the rare companies that took advantage of last year's downturn, buying back six million shares of its stock and raising its dividend 16% year-over-year. At the time of our purchase, shares traded at a 19% premium to the S&P 500®, well below the 35% premium they averaged over the past decade. A $1.3 million purchase by Board member Robert Livingston "is compelling," in the view of InsiderScore, as "this was his first transaction" since joining the Board in 2018.

Global Payments was a second Technology purchase during the quarter and another where we had a high degree of familiarity with both the company and the industry. In 2019, Global Payments acquired former Insight holding Total Systems Service, and we've owned competitor **Fidelity National Information** since 2015. True to its name, Global Payments enables debit and credit transactions in more than 100 countries.



Source: Global Payments.

We've long been attracted to the secular growth of electronic payments (which continue to gain share versus cash and check), while the nascent economic recovery (particularly for small- and mid-sized businesses as well as cross-border travel) represents high-margin optionality. In the past year, Global Payments inked partnerships with Amazon and Google to deliver payment functionality with neo-banks and to process transactions for Google Music and YouTube.

At the time of our purchase, shares traded at parity with the S&P 500, versus a five-year average of a 19% premium. A "High IQ" Board member (as designated by InsiderScore) recently purchased shares – she previously purchased shares in March 2020 (during the depths of the pandemic) and previously served on the Board of Total Systems Service, so should know the combined company particularly well.

Finally, we returned discount retailer **Dollar Tree Stores** to the portfolio in June. The company possesses several new growth vectors, including combination stores (Family Dollar plus Dollar Tree under one roof) and a partnership with Instacart for same-day delivery of online orders, pointing toward potentially improved results in future periods.

At the time of our purchase, shares traded at an unusually wide 26% discount to the S&P 500, which we believe partly reflects concerns about "transient" inflation presenting a challenge for a fixed-price retailer.

Dollar Tree Price/Earnings Relative to S&P 500® - 20 Years

Source: FactSet.

The introduction of multi-price point merchandise into Dollar Tree Plus Stores represents a new response in the company's arsenal. The re-opening of the domestic economy that drives more foot traffic to stores should also be beneficial.

From a balance sheet perspective, we like the opportunity for the company to take advantage of the weakness in its share price. In the most-recent quarter, the company repurchased more than two million shares of its stock, and its guidance for the balance of the year conservatively embeds no further repurchases, even though management indicated its intention to buy back 5% of its shares this year and again next year. Three insider buyers collectively invested nearly $1 million in the company's stock, pointing to an "unusual show of positive sentiment," according to InsiderScore.

Conclusion

A quarter ago in this space, we discussed the role insider selling plays in our investment process. This quarter, we address another frequently asked question: to what degree does company stock buybacks play a role in our decision-making? Buybacks, in and of themselves, are neither favorable nor unfavorable. Companies that buy back stock at too high a price destroy value; conversely, companies that buy back stock at incredibly low prices can generate tremendous increases in shareholder value. Therefore, we prefer companies that are *opportunistic* with respect to share buybacks. Regrettably, few companies have proven adept in that regard. S&P 500® buybacks fell to a decade-low level as stocks hit a trough last spring – either because companies chose not to buy back their shares (generally out of fear), or because they were restricted from doing so (i.e., banks prohibited from engaging in share repurchases by the Federal Reserve). A similar picture occurred in early 2009. As the accompanying chart suggests, S&P 500 companies as a whole tend to have "terrible timing," with respect to when they buy back stock.

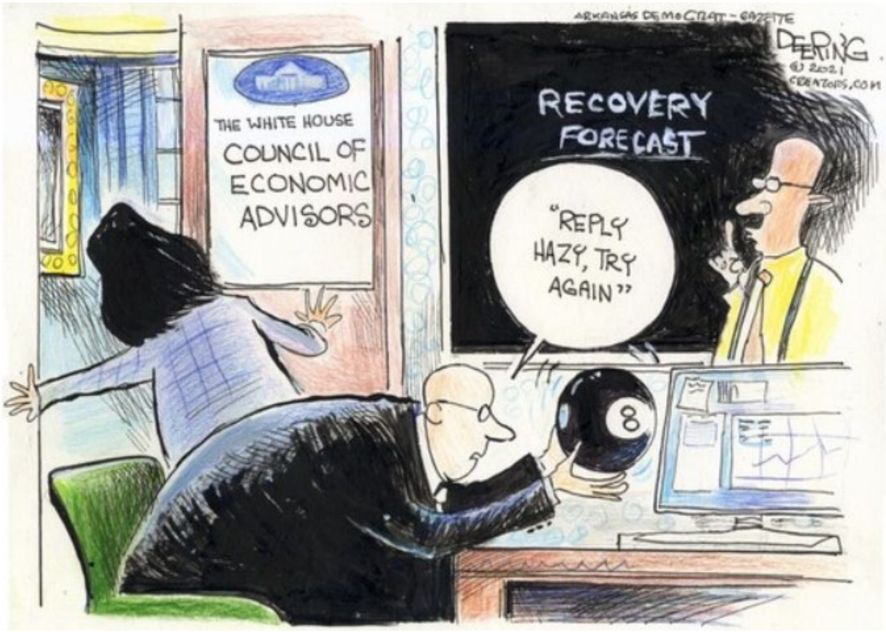
Sources: Marketwatch, Standard & Poor's.

By contrast, we seek companies that have the both financial flexibility and the intestinal fortitude to buy more of their stock when prices tumble. In our portfolio, CIGNA and Berkshire Hathaway deserve special mention for reducing their share count versus a year ago by 6% and 5.5%, respectively. In other words, they aggressively bought back stock when an attractive opportunity to do so presented itself.

By the time we publish this commentary, the Sterling Insight portfolio will be within a month of celebrating its ten-year anniversary. During that time, the economy crashed – twice – and yet Insight account values are nearly quadruple what they were a decade ago. The president has changed – twice. Markets endured a flash crash, an actual crash, a taper tantrum, a global pandemic, and (most recently) fascinations with meme stocks and special purpose acquisition companies (SPACs).

Perhaps most remarkable is the case of movie theater operator AMC. With its stock soaring amid the Reddit/meme craze, AMC took advantage by issuing additional shares, with a most unusual warning to investors: "We caution you against investing in our Class A common stock, unless you are prepared to incur the risk of losing all or a substantial portion of your investment." Year-to-date, AMC shares have risen 25-fold – perhaps that explains why the company was so eager to issue more equity. For our part, we believe we should strive to own companies that do not anticipate losing all or a substantial portion of our investment!

Arguably, the world is at least as uncertain now as it was a decade ago. Inflation, saber rattling, deficit spending, tax policy, and climate change are just a few of the question marks staring us in the face today. Yet here we are, with a portfolio that is substantially more valuable than it was nearly ten years ago. It's a helpful reminder that, often, the market does indeed climb a wall of worry.



Source: RealClearPolitics.

This is also a helpful reminder that well-run companies tend to possess the flexibility to navigate an array of uncertainties. Not only do such companies tend to make it through to the other side, such uncertainties also tend to cripple lesser competitors, and the survivors often emerge with stronger competitive positions and greater pricing power.

It is rare that a company increases its spending during a downturn to take advantage of cheap prices, whether by scooping up its own shares, acquiring a competitor, or incrementally investing in research and development. We're talking about companies such as: **Berkshire Hathaway** (which acquired assets from Dominion Energy last year, and still has more than $100 billion of deployable capital); **PNC** (which acquired BBVA in an all-cash deal); **Comcast** (a since-inception holding in our portfolio, where pricing power manifests itself in annual increases to customer bills); **Visa** (debit and credit's share gains versus cash and check have accelerated over the past year); and **Constellation Brands** (which launched a spiked seltzer even as a pandemic raged, and whose Mexican beer portfolio of Corona, Modelo, and Pacifico still comprises virtually all of the U.S. beer category's growth).

As always, we greatly appreciate your interest in our thoughts and support of our services. Stay well.

Adam Bergman, CFA®
Portfolio Manager

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 Composite Disclosure Presentation which is attached.

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® Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000® represents approximately 92% of the U.S. market. The Russell 1000® Index is constructed to provide a comprehensive and unbiased barometer for the large-cap segment and is completely reconstituted annually to ensure new and growing equities are included.

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 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 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.

The S&P Midcap 400® Index provides investors with a benchmark for mid-sized companies. The index, which is distinct from the large-cap S&P 500®, is designed to measure the performance of 400 mid-sized companies, reflecting the distinctive risk and return characteristics of this market segment.

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. **EBITDA:** EBITDA stands for Earnings Before Interest, Taxes, Depreciation, and Amortization and 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. **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. **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. **Price to Earnings (P/E)**: The Price to Earnings ratio 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). **Price to Sales (P/S):** The Price to Sales ratio is 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. **Unlevered Free Cash Flow**: Unlevered Free Cash Flow (also known as Free Cash Flow to the Firm or FCFF for short) is a theoretical cash flow figure for a business. It is the cash flow available to all equity holders and debtholders after all operating expenses, capital expenditures, and investments in working capital have been made.(Technical definitions are sourced from Corporate Finance Institute.)

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Sterling Capital Management – Insight SMA Composite

August 31, 2011 – December 31, 2020

Description: Consists of all discretionary separately managed wrap Insight portfolios. Sterling's Insight equity portfolios invest primarily in companies where there has been recent insider buying activity; we also retain the flexibility to own companies in which insiders own a substantial stake.

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 (%)	Russell 1000	Composite 3-yr St Dev (%)	Benchmark 3-yr St Dev (%)
2020	6.90	5.66	34	18	70,108	0.52	20.96	18.18	19.10
2019	34.77	33.19	49	21	58,191	0.71	31.43	11.28	12.05
2018	-4.10	-5.26	51	16	56,889	0.38	-4.78	10.79	10.95
2017	25.37	23.78	57	18	55,908	0.35	21.69	9.18	9.97
2016	10.39	8.88	146	33	51,603	0.30	12.05	9.92	10.69
2015	5.14	3.69	116	29	51,155	0.25	0.92	9.35	10.48
2014	7.41	5.88	134	29	47,540	0.24	13.24	9.42	9.12
2013	28.48	26.64	121	27	45,638	0.24	33.11		
2012	17.74	16.17	74	14	4,422	0.08	16.42		
2011 (Inception 8/31/11)	4.86	4.62	2	0	3,932		3.50		

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. Adam B. Bergman, 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: August 31, 2011. Creation date: August 31, 2011. The appropriate index is the Russell 1000 Index which measures the performance of the largest 1,000 US companies, representing over 90% of the investable US market. 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 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.