STERLING CAPITAL

COMMENTARY
Focus Equity | 4th Quarter 2019

	Percentage Change[1]			
Period	Gross	Net	Russell 3000	Difference (Net - R3000)
FY16	12.2%	12.1%	12.7%	-0.7%
FY17	29.9%	29.7%	21.1%	+8.5%
FY18	4.2%	4.0%	-5.2%	+9.2%
1Q19	21.1%	21.1%	14.0%	+7.1%
2Q19	11.1%	11.1%	4.1%	+7.0%
3Q19	2.5%	2.4%	1.2%	+1.3%
4Q19	4.4%	4.3%	9.1%	-4.8%
FY19	44.0%	43.7%	31.0%	+12.7%
Since 31 Dec 2015 Inception	21.6%	21.4%	14.1%	+7.3%
Overall Gain*	118.6%	117.1%	69.5%	+47.5%

*[1] Performance for periods greater than one year are annualized, except where noted. *Not annualized. Performance note: The results for your account may differ somewhat from the composite figures above due to variations in account holdings, trade timing, and other client-specific circumstances.*

Team,

We made no portfolio changes during the fourth quarter.

Domestic markets resumed an upward glide path in Q4, recovering from the volatility at Q3's end. Our Russell 3000 benchmark gained a total +9.1%, exceeding Focus Equity's net +4.3% return. Focus Equity exposures to aerospace, cloud software, and automotive retail broadly drove the period's underperformance, and we provide more complete position color in the *Performance Notes* below. Fourth quarter performance leaders were **Moody's** (+16.2%), **Ashtead Group** (+15.8%), and **Charles Schwab** (+14.1%), while laggards included **Hexcel** (-10.5%), **Heico** (-8.0%), and **Veeva Systems** (-7.9%).

For the full year 2019, Focus Equity gains were broadly distributed, and no position owned for the entire period recorded a loss. The strategy stacked +12.7% net outperformance on top of the R3000's strong annual gain. Our investments in information services, credit analytics, and payments led Focus to a net +43.7% total return. Annual 2019 performance was led by **CoStar Group** (+77.4%), **Moody's** (+71.3%), and **S&P Global** (+62.3%), while **Workday** (+3.0%), **Charles Schwab** (+16.4%), and **Amazon** (+23.0%) lagged.

The close of 2019 brings us four full years since Focus Equity began its run, which offers adequate distance from the starting blocks to pause and reflect on our progress thus far. Since inception, we've opened, and broadened, the daylight between our strategy and its R3000 bogey, finishing 2019 with a cumulative overall net gain +47.5% above that benchmark – more than double last year's figure. We are also outpacing peer managers. Data here takes time to compile and is self-reported by said managers on a lagged basis, with the most recent statistics available to us dated September 30, 2019. On that scorecard, however, when slotted against other "all-cap core" investors – those who, similar to us, are style-agnostic and target investments across the capitalization spectrum – Focus Equity compares well. Our friends at analytics firm eVestment inform us that on that date, Focus Equity had bested 99% of those peers on a trailing one-, two-, and three-year basis and 99% since inception. Still, certain investors have asked us how we compare to other styles like growth, where many of our holdings today lean. The picture looks similar, even when surrounded by this new frame, as Focus Equity has also bested 99% of "large cap growth" managers over one-, two-, three-year and since-inception periods. We plan to periodically wrap such context around our performance to keep you apprised of our progress.

As a reminder, Focus Equity began accepting its first outside clients in late 2018. Since many investors are still new to our story, we have found Focus fundraising growth updates often help them gain confidence in our platform, while demonstrating Focus' market relevance and client adoption. To that end, we can report total assets* at 2019's end – our first full calendar year – exceeded $77 million, more than 10x where we started the period. In addition, our expanding early client base is building a broad foundation upon which to grow, as we now count clients across 10 states as investors.

Finally, it's important to reemphasize that Focus Equity (and Focus) remains your manager's largest family investment, and the majority of his annual compensation is 1) variable, and 2) directly linked to the strategy's performance. Put simply, we eat our own cooking and are strongly incentivized to continue to protect and grow your Focus investment. So please, share our story with your friends.

**Total assets includes assets under management (AUM) and assets under advisement (AUA) for both Focus and Focus Equity strategies at 12.31.2019.*

Performance Notes

CoStar Group (CY19: +77%, since initial purchase through year end: +249% versus R3000 +82% over equivalent time frame) management continued execution of the playbook to expand the analytics platform during 2019. Early in the year, CoStar signed a multi-year contract extension with one of the world's largest real-estate services concerns, CBRE Group, and following the deal CoStar is now used by 100% of the top 10 U.S. brokerage firms, 90% of the top U.K. firms, and 80% of the top Canadian firms. Later in the year, the company acquired STR, a global leader in benchmarking and analytics for the hospitality industry, extending the platform's reach into this massive commercial real estate asset class.

Moody's (CY19: +71%, since initial purchase +174% versus R3000 +81%) enjoyed a stronger than expected credit issuance backdrop in 2019, and management took deliberate steps to increase company exposure to growing market demand for environmental, social, and governance (ESG) analytics. After a series of deals, including acquisitions of Vigeo Eiris, Four Twenty Seven, SynTao Green Finance, and Team8, Moody's is now well positioned for this shifting growth trend – especially as the company poses as a consolidator amid the still-fragmented landscape. These new offerings should bolster Moody's Analytics franchise, which has a high recurring component and, as Analytics' share of the consolidated top line grows, should reduce business volatility.

S&P Global's (CY19: +62%, since initial purchase +223% versus R3000 +81%) ratings agency passed an important milestone during the year when it – barely six months after receiving approval to enter the Chinese market – issued the first rating of a domestic China entity by a local agency that is wholly owned by an international investor. Behind the U.S., China is the world's second-largest debt market and we expect S&P's rated issuance share to climb over time. Elsewhere, the company acquired businesses that broaden exposure to growth trends, such as ESG (RobecoSAM) and artificial intelligence (451 Research). Management has a strong recent track record of value creation from such deals – to cite one example, the company's 2018 Kensho deal has infused innovation across the firm's segments, yielded insights from existing data sets, and improved product efficiencies.

Mastercard (CY19: +59%, since initial purchase +240% versus R3000 +81%) solidified its identity as a "multi-rail" network in 2019, upon acquiring Nets and Transfast – assets that continue the company's development of a formidable set of capabilities to address the sizable $125 trillion business-to-business (B2B) and peer-to-peer payment (P2P) opportunities. When combined with the existing card rails, Mastercard now offers myriad products to support business, government and consumer payment needs across a variety of payment flows. Beyond just payments, we monitor the company's expanding technology service offering and recently surveyed several such innovations at a Mastercard product showcase.

Veeva Systems (since initial purchase -15% versus R3000 +10%) gained important customer traction, which we believe helps reinforce a virtuous cycle of referenceability critical to early enterprise software adoption. To this end, at mid-year CEO Peter Gassner revealed that Veeva had both a top 20 pharmaceutical and a top 20 medical device company on its Clinical Data Management Suite (CDMS). The company continues to face headwinds from IQVIA, whose monopoly leverage of medical reference and prescription data is slowing growth for certain Veeva products. Though we cannot expect a quick resolution here, Veeva's bargaining power should proportionally increase with broadened customer adoption (which is already occurring), and alternatively, other vectors outside of life sciences may ripen to bear fruit in the near term. Here, we expect Veeva to roll out new products for monitoring compliance and quality, applicable to industries like chemicals and cosmetics. These building blocks form the core of Gassner's plan to triple revenues in the medium term.

Ashtead Group (CY19: +57%, since initial purchase +185% versus R3000 +82%) saw retiring CEO Geoff Drabble pass the torch to Sunbelt head Brendan Horgan, who enjoyed a solid first year at the helm. One of Focus' most economically sensitive investments, Ashtead experienced moderating strength in CY19, reflective of the cooling macro backdrop. Revenues in North America, its key market, still grew, however – expanding at a mid-teens exit rate in the latest published results. Despite the company's heady growth in recent years, larger competitor United Rentals has widened (largely via acquisition) its market share lead to 14%, suggesting Ashtead (at 9%) still has plenty of runway left to go.

Old Dominion Freight Line (CY19: +54%, since initial purchase +247% versus R3000 +78%) finished another good year, but, like Ashtead, also witnessed industrial sluggishness in the latter months – miles, tons, and shipments all fell year/year during 3Q19. However, consistent with its longstanding philosophy of steady pricing to cover service costs, unit revenues rose. We continue to believe the company remains a share gainer in a growing market – the unionized providers have long been share donors to nonunion truckers like OD, and we track how well the company's service model benefits from growing customer traction in all six of its U.S. operating regions.

Brookfield Asset Management's (CY19: +53%, since initial purchase +85% versus R3000 +68%) shares finished near all-time highs in 2019. We think the alternatives space generally had renewed investor spotlight upon it, as many of BAM's peers have elected to convert to "C-corporation" status. This new structure allows those firms' shares to be, for the first time, included in certain market indices – making them eligible for passive ETF trackers to purchase. We believe this new wave of investor demand sustainably boosts multiples across the industry, including BAM's. Fundamentally, CEO Bruce Flatt has the platform operating well – per share cash available for distribution has compounded at an annualized rate of 23% since 2015. Brookfield also closed a $15 billion real estate and a $9 billion private equity fund during 2019, and, perhaps most notably, sealed the purchase of a majority share of credit specialist Oaktree Capital Management (adding over $100 billion of fee-bearing capital, and $800 million of annualized fees). Our takeaway: BAM's multi-year business plan to maintain profit expansion in the mid-double digits appears on course.

Visa (CY19: +43%, since initial purchase +165% versus R3000 +81%) made concrete steps during 2019 to cement its position in the large and growing B2B/P2P markets. First, by closing the purchase of Earthport, the world's largest independent ACH network, enabling these payment types; and second, by commercially launching its B2B Connect service which links bank clients directly to the new offering. In our view, Visa has played catch-up to Mastercard in recent quarters by more rapidly partnering with various fintechs while also acquiring new innovation expertise via tuck-in M&A. One notable announcement was Tencent's statement that it intends to support international card schemes in its mobile wallet, which could potentially broaden acceptance of U.S. network brands to millions of Chinese WeChat Pay users – a dominant payment services provider in the country.

Heico (CY19: +42%, since initial purchase +331% versus R3000 +91%) management continues to find attractive acquisition opportunities and announced six additional deals – two-thirds of which, true to Heico form, involved target management retaining significant stakes in their businesses. We believe such deal structuring is rare in the public sphere, and meaningfully aligns incentives to create greater longer-term value, while it also positions Heico as a preferred acquirer to private owners seeking liquidity. The stock fell later in the year due in part to subdued 2020 guidance, but given management's history of conservative outlooks and our view of a still-intact operating runway, we believe the stock has room to improve with the business going forward.

Carmax (CY19: +40%, since initial purchase +65% versus R3000 +68%) stock enjoyed a strong full year, yet finished December on a downbeat note, despite the strong +7.5% comparable sales figure in the company's most recent report. Management guided advertising expense higher to support omni-channel sales, and – as we've witnessed in other transitions of bricks-and-mortar to online retail – legacy investors tuned to regular quarterly profit growth, dislike the uncertainty of the online shift even when pursuing it. In our view, this presents CarMax an attractive longer-term opportunity to expand its addressable market. We continue to monitor the profit dynamics of the new sales channel, and are watchful as the company completes its rollout of online availability across its footprint this year.

Verisk (CY19: +38%, since initial purchase +105% versus R3000 +81%) CFO Lee Shavel put his stamp on the capital allocation process in February upon institution of the company's first regular dividend, which should widen the eligible investor base. The company also acquired Genscape, which operates the world's largest private network of in-field monitors and distributes alternative energy data for commodities including power, oil, natural gas, biofuels, and maritime freight. The deal bolsters Verisk's Wood Mackenzie franchise, where we have been looking for stronger growth. Further adding to its list of "distinctives," or proprietary data sets, Verisk announced the milestone accumulation of 100 billion miles of customer driving data from contributors to its Verisk Data Exchange, which helps the company score risk for policy rating in 43 states. Finally, we think the company's core Insurance business is benefiting from the P&C landscape's strong profit cycle, but are watchful for continued improvement in Energy, and ultimately would like to see faster resolution to either fix or sell Financial Services.

Guidewire (CY19: +37%, since initial purchase +24% versus R3000 +21%) had a busy year, and, in our view, this multi-faceted story remains attractive yet complex. Even as new management (CEO Mike Rosenbaum took the helm in late 2019) ramps up the learning curve, the core on-premises software business is navigating a transition to cloud delivery, and the sales force is attempting to more quickly migrate big insurance clients who would otherwise prefer to move at a snail's pace. We think these dynamics are trending in the right direction, but admittedly do not always move in lockstep. Assisting our ability to monitor the moving parts this year were several direct meetings with Guidewire management and customers, providing color to brighten our view that the company's incumbency and still-leading market share can buy our "transition thesis" time to play out.

Bright Horizons Family Solutions (CY19: +35%, since initial purchase +122% versus R3000 +60%) continued its steady delivery of impressive results. The company announced its acquisition of a tuition management services business from public consultancy GP Strategies in late October, further solidifying Bright Horizons' Ed Advisory positioning. Worth noting, management has more than tripled operating margins in this business since 2010. Combined with a faster growth profile than legacy childcare, Ed Advisory and Back-Up Care (the company's other newer offering) are both contributing to accelerating financial metrics at Bright Horizons.

Ecolab (CY19: +32%, since initial purchase +93% versus R3000 +81%) announced shortly before Christmas that it would not proceed with its planned Energy segment spin-off, and would instead combine the business with Apergy, a provider of engineered equipment to exploration companies. The deal provides Ecolab a more financially attractive exit, and we are in process of reviewing Focus' potential exposure to Apergy over time. We caught up with Ecolab management this summer, and while we appreciate the recurring, less volatile business profile that will emerge post-Apergy, we'd like to see more substantial traction in the European geography for the core business, especially as large competitors we track, like Diversey, are grappling with company-specific headwinds (we believe providing opportunity for Ecolab to play more offense).

Alphabet (CY19: +29%, since initial purchase +63% versus R3000 +43%) regained its form mid-year as revenues from high-margin businesses, like Google Properties, reaccelerated. Subsidiary Waymo, which in 2018 became the first company in the world to launch a public self-driving ride-hailing service, reported in late 2019 that Waymo One's user base had grown to over 1,500 monthly active riders with weekly rides more than tripling since January. We think the addressable market here remains opportunistic for lower-cost driverless models, especially as compared to legacy taxi or even newer public ride-share services. We furthermore believe there could be revenue synergies going forward with Maps – an undermonetized franchise in our view, and an app where Uber and Lyft now appear. Elsewhere, the company launched Stadia, its streaming gaming platform, with 22 titles – providing Alphabet a disruptive entrée into a scalable and attractive new market.

Hexcel (CY19: +29%, since initial purchase +64% versus R3000 +69%) shares weakened late in the year as sentiment softened, stemming largely from Boeing's latest announcement to halt 737 Max production amid its ongoing crisis. We acknowledge that the company faces challenges with that platform and may see flagging production for the 787 as well, yet we contextualize those near-term headwinds within Hexcel's broader longer-term expansion opportunities in aerospace, defense, and wind energy markets. End-customers there can also accept certain fiber products originally meant for Boeing, as the materials can be repurposed for myriad new applications.

Amazon (CY19: +23%, since initial purchase +86% versus R3000 +39%) endured more frequent reputational jibes throughout 2019 from a variety of critics including mass media outlets, employee activists, and even the White House. We believe such attacks have prompted the company to assert more control of its public narrative, and to that end we've witnessed more deliberate outward messaging from management, including CEO Jeff Bezos and AWS CEO Andy Jassy, highlighting the strengths of the Amazon platform for all stakeholders, including employees, small businesses, and AWS customers in certain competing industries. We devote commentary here to this issue, since we think overcoming more recent jaundiced public perception is a key strategic challenge management must reconcile to continue along the growth path. Maintaining confidence from small businesses in retail platform fairness, and from competitors in AWS privacy, are critical to overall Amazon success.

Charles Schwab (CY19: +16%, since initial purchase +88% versus R3000 +69%) had a transformational year. First, the company announced free online customer trading; and second – shortly thereafter – announced a deal to acquire competitor platform TD Ameritrade. We think the TD deal should better scale the combined entity amid the depressed interest rate environment, while also providing Schwab opportunity to utilize its low-cost funding model to generate higher return on client assets (versus legacy TD). We view Schwab CFO Peter Crawford's guidance of mid-teens cash flow accretion by year three as achievable, and think that consolidation of the landscape has the potential to benefit all players over time.

Workday (CY19: +3%, since initial purchase +4% versus R3000 +32%) finished slightly positive for the year, after losing more substantial early period gains on concern about slowing nearer term growth. Growth maturity for the core Human Capital Management (HCM) software suite and less visible adoption for the newer Financials product are oft-cited culprits of investor disquiet. We acknowledge the company's impressive HCM share position, and see maturation as a natural longer term result, yet still see opportunity to expand within enterprise and win new mid-tier clients. Moreover, in our opinion, HCM share leadership serves as a key flywheel enabler (as "lighthouse" customers are more numerous and referenceable) for increased adoption of both Financials among enterprises and additional HCM in mid-tier clients. While speaking to senior management at the Rising customer conference this year, we refined our view of Workday's strategic runway and believe recent roll-ups of "on ramp" technologies, like Adaptive Insights and Scout RFP, can slowly widen the road for broader enterprise Financials adoption over time.

Just below the text of this letter you will find Focus Equity's year-end position list. The strategy remains concentrated in 21 active positions with 38% of assets in the top five, 65% in the top 10, and 85% in the top 15 positions. We have relatively few eggs, but watch our basket closely.

We wish you a healthy and prosperous new year. Thanks for your trust and investment in us.

Colin Ducharme

Colin Ducharme, CFA®
Executive Director

31 December 2019 Positions*

Position	Weight
Mastercard	10.8%
Moody's	9.0%
CoStar Group	6.2%
Heico	6.1%
Alphabet	6.0%
Carmax	5.9%
Bright Horizons Family Solutions	5.4%
S&P Global	5.4%
Ecolab	4.9%
Brookfield Asset Management	4.9%
Visa	4.4%
Charles Schwab	4.2%
Verisk Analytics	4.1%
Amazon	4.1%
Old Dominion Freight Line	4.0%
Guidewire Software	3.8%
Hexcel	3.1%
Veeva Systems	2.7%
Workday	2.6%
Ashtead Group	2.5%
Cash	0.2%

Top 5 Total	38.1%
Top 10 Total	64.6%
Top 15 Total	85.4%
Top 20 Total	100.1%

**Representative Account. Holdings note: The weightings for your account may differ somewhat from the figures above due to variations in account holdings, trade timing, and other client-specific circumstances.*

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 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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Sterling Capital Management – Focus Equity Composite

January 1, 2016 – December 31, 2018

Description: Consists of all discretionary separately managed Focus Equity portfolios. Sterling's Focus Equity portfolio investments are flexible and may span growth and value, large- and small-capitalization companies. The strategy seeks positions featuring sustainable, multi-year return profiles underpinned by businesses perceived to possess attractive financial returns, visible reinvestment opportunities, and talented management.

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 3000*	*Composite 3-yr St Dev (%)*	*Benchmark 3-yr St Dev (%)*
2018	4.15	3.96	2	0.187	0.0	56,889	not meaningful	-5.24	13.77	11.18
2017	29.89	29.68	5	0.877	0.0	55,908	not meaningful	21.13	N/A	N/A
2016	12.23	12.06	4	0.452	0.0	51,603	not meaningful	12.74	N/A	N/A
Annualized Since Inception	14.93	14.74						8.97		

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 12/31/17. 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. "Percent of Firm Assets" and "Total Firm Assets" prior to 2013 are for CHOICE Asset Management. 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 to personnel.
2. Colin Ducharme, 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, 2015. Creation date: October 31, 2018. Portfolios with an allowance to fixed income securities were permitted in the composite from inception until October 31, 2018. Beginning November 1, 2018, portfolios included in the are not permitted to own fixed income securities. The appropriate benchmark for this composite is the Russell 3000 Index which measures the performance of the largest 3,000 U.S. companies, representing approximately 98% of the investable U.S. 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 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. All portfolios are valued monthly as of calendar month-end and utilize trade-date and accrued income accounting. Valuations and performance are reported in U.S. dollars. 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.
5. Gross of fees returns reflect the deduction of trading costs. Net of fee performance returns are presented after actual management fees and trading expense. The stated fee schedule is: 0.70% on the first $25 million; 0.60% on the next $25 million; 0.50% on the next $25 million; and 0.40% on all amounts exceeding $75 million on an annual basis as described in Sterling Capital Management's Form ADV, Part 2A.
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. 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.
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.