

# Sterling Capital Management - Mid Cap Value SMA Composite

January 1, 2009 – December 31, 2018

**Description:** Consists of all discretionary separately managed wrap mid capitalization equity portfolios. Sterling's mid capitalization equity accounts invest primarily in companies similar to the market capitalization of the Russell Midcap® Index. Prior to 12/31/04, portfolios were not tax-managed. Beginning 1/1/05 tax management strategies can be employed per individual account request.

<i>Year</i>	<i>Total Return Net of Fees</i>	<i>Supplemental Total Return Gross &amp; "Pure" Gross of Fees (5)</i>	<i>No. of Portfolios</i>	<i>Total Assets End of Period (\$MM)</i>	<i>Percent of Firm Assets</i>	<i>Total Firm Assets (\$MM)</i>	<i>Composite Dispersion (%)</i>	<i>Russell Midcap® Value</i>	<i>Percent of SMA Portfolios</i>	<i>Composite 3-yr St Dev (%)</i>	<i>Benchmark 3-yr St Dev (%)</i>
2018	-17.62	-16.73	76	28	0.0	56,889	0.49	-12.29	100	14.79	11.96
2017	13.47	14.74	83	43	0.1	55,908	0.36	13.34	100	13.78	10.32
2016	16.81	18.17	178	97	0.2	51,603	0.63	20.00	100	14.14	11.30
2015	-2.01	-0.89	384	175	0.3	51,155	0.56	-4.78	100	12.69	10.71
2014	5.16	6.45	409	192	0.4	47,540	0.36	14.75	100	11.80	9.81
2013	45.49	47.31	416	205	0.4	45,638	0.65	33.46	100	15.94	13.69
2012	11.72	13.18	425	156	0.4	38,676	0.46	18.51	100	17.73	16.76
2011	-3.78	-2.51	571	187	0.5	34,131	0.47	-1.38	100	21.75	22.77
2010	19.70	21.26	548	178	0.5	32,736	0.65	24.75	100		
2009	37.73	39.60	562	158	1.2	13,271	0.93	34.21	100		
Annualized Since Inception	8.99	10.92						8.94			

Sterling Capital Management LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Sterling Capital Management LLC has been independently verified for the periods 01/01/01 to 12/31/16. The verification report(s) is/are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

## Notes:

- Sterling Capital Management LLC (SCM) is a registered investment advisor with the SEC. Registration does not imply a certain level of skill or training. Sterling manages a variety of equity, fixed income and balanced assets. Prior to January 2001, Sterling was a wholly owned subsidiary of United Asset Management (UAM). In January 2001, Sterling Capital Management LLC purchased all the assets and business of Sterling Capital Management Company from UAM to become an employee owned firm. There were no changes in personnel. In April 2005, BB&T Corporation purchased a majority equity ownership stake in Sterling Capital Management LLC. There were no changes in personnel. In October 2010, the management group of Sterling Capital entered into an agreement with BB&T Corporation that reduced and restructured management's interest in Sterling Capital Management. Additionally, BB&T Asset Management merged into Sterling Capital Management. There were no material changes in personnel. In January 2013, CHOICE Asset Management firm merged into Sterling Capital Management. There were no changes in personnel. In August 2015, 8 new employees joined Sterling Capital Management via Stratton Management Company following the close of BB&T's purchase of Susquehanna Bancshares. There were no changes to personnel.
- Sterling Capital Management added two new equity portfolio managers. Patrick W. Rau joined the firm in 2001, and Timothy P. Beyer joined the firm in 2004. Mr. Beyer remains the Portfolio Manager. However, no alterations of composites, as presented herein, have occurred due to changes in personnel or other reasons at any time.
- Inception date of composite: April 1, 1999. Creation date of composite: 12/31/05. Beginning 01/01/05 the Mid Cap Value SMA Composite includes all separately managed (wrap) portfolios. Performance results from 1999 through 2004 are those of the Mid Cap Value Institutional Composite net of the highest applicable SMA fee. Prior to 12/31/04 portfolios were placed into the composite at the first calendar month end date when the portfolio was fully invested. Portfolios were omitted from the composite as of the last calendar month end date when the portfolio was still fully invested. Beginning 1/1/05 portfolios are placed into the composite after the first calendar quarter end when the portfolio is fully invested. Portfolios are omitted from the composite as of the last calendar quarter end date when the portfolio is still fully invested. Beginning 9/30/06 portfolios are added to the composite as of first calendar month end date when the portfolio was fully invested. Portfolios are omitted from the composite as of the last calendar month end date when the portfolio was fully invested. The appropriate index is the Russell Midcap® Value Index which consists of stocks from the Russell Midcap® Index with a less than average growth orientation and lower price-to-book ratios. It represents the universe of stocks from which value managers typically select. The index is reconstituted annually since 1989. Prior to 12/31/06 the composite description showed a specific market capitalization range of \$1 billion to \$10 billion. 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.
- 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 US dollars. Beginning 12/31/98 composite returns are adjusted for daily weighted external cash flows. Beginning 4/30/99, composites are revalued for cash flows greater than 5%. Beginning 1/1/99, the equity segment of balanced portfolios is managed inclusive of cash and composite returns are inclusive of cash. SMA composite portfolio returns are calculated monthly using the Modified Dietz method. Beginning 1/1/05 portfolios were revalued for cash flows greater than 10%. Beginning 12/31/06 all portfolios were 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.
- Gross and "pure" gross of fees returns from 1999 through 2004 reflect the deduction of trading costs. Gross and "pure" gross of fees returns beginning in 2005 thru 9/30/06 do not reflect the deduction of any trading costs, fees or expenses. Beginning 9/30/06 the gross and "pure" gross of fees returns include commissions. The SMA fee includes all charges for trading costs, portfolio management, custody, and other administrative fees. The net return reflects the actual SMA fee of the individual accounts. An actual fee charged to an individual portfolio may vary by size and type of portfolio. Sterling's actual management fees are 45 basis points annually or less.
- 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.
- 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.