



STERLING
CAPITAL

**3rd Quarter 2020 Market Review:
Equity Income SMA**

WHAT MATTERS MOST TO YOU MATTERS MOST TO US.



- *This webcast is being recorded.*
- *The material presented in this presentation is as of 09.30.2020, unless otherwise stated.*
- *The opinions contained in this presentation reflect those of Sterling Capital Management LLC and are for general information only and are not meant to be predictions or an offer of individual or personalized investment advice.*
- *Specific securities identified and described do not represent all of the securities purchased, sold or recommended to clients.*
- *Any type of investment involves risk and there are no guarantees. Past performance is not indicative of future results.*
- *The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index.*



WebEx Agenda:

- Equity Market and Macro Environment Review
- Equity Income SMA Review of Q3.2020 Performance, Activity and Positioning
- Equity Market Outlook
- Q&A



George F. Shipp, CFA®
Senior Managing Director
Lead PM Equity Income &
Special Opportunities



Adam B. Bergman, CFA®
Executive Director
APM Equity Income



Charles J. Wittmann, CFA®
Executive Director
Senior Analyst



Whitney L. Stewart, CFA®
Executive Director
Client Portfolio Manager



The Headline Total Return Was +15% (But Many Stocks Were Left Behind)



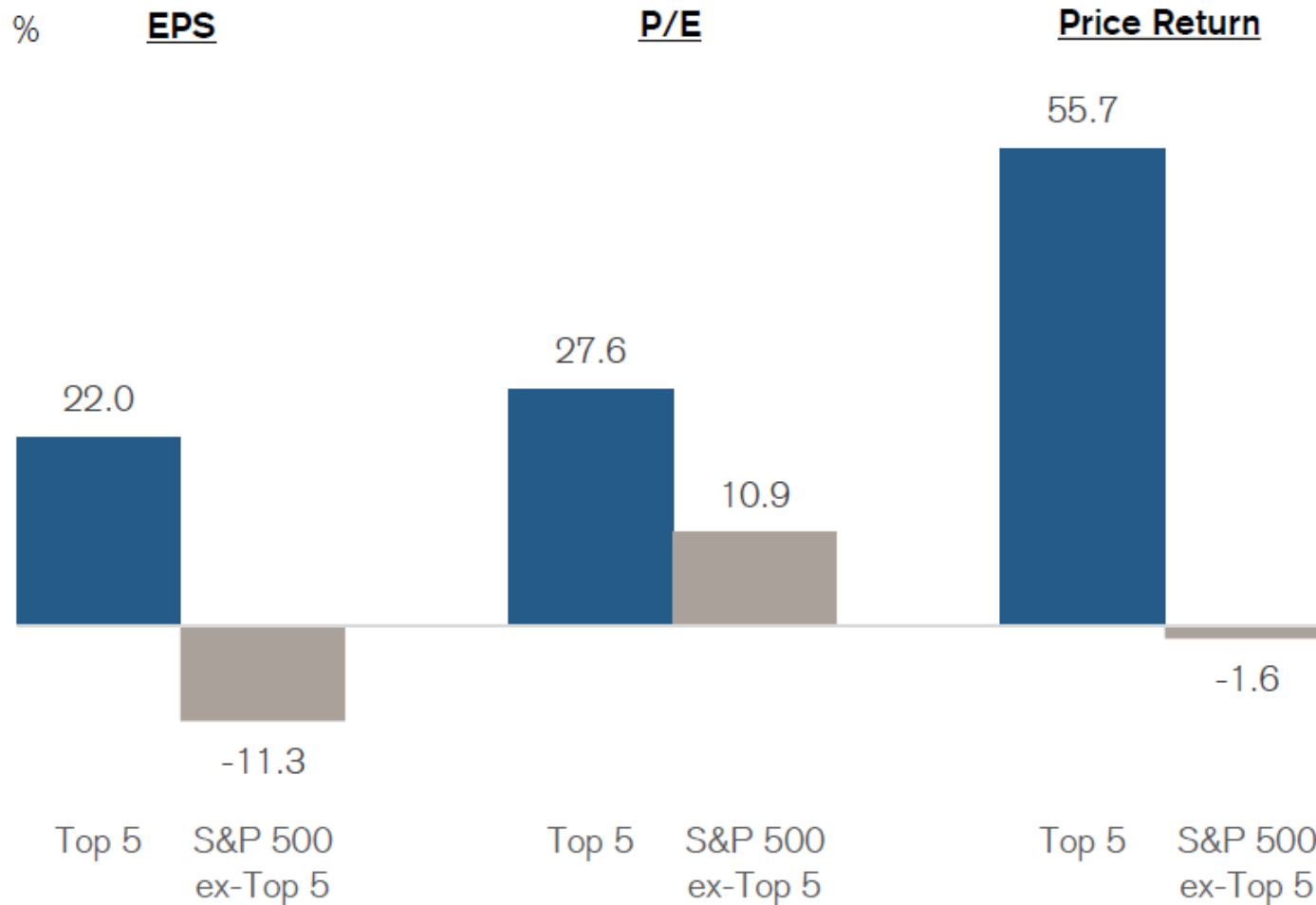
Source: Strategas Research. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.

Past performance is not indicative of future results.



“The Market” Has Been Dominated by Five Stocks
(23% of S&P 500 in October 2020 Versus 18% in March 2000)

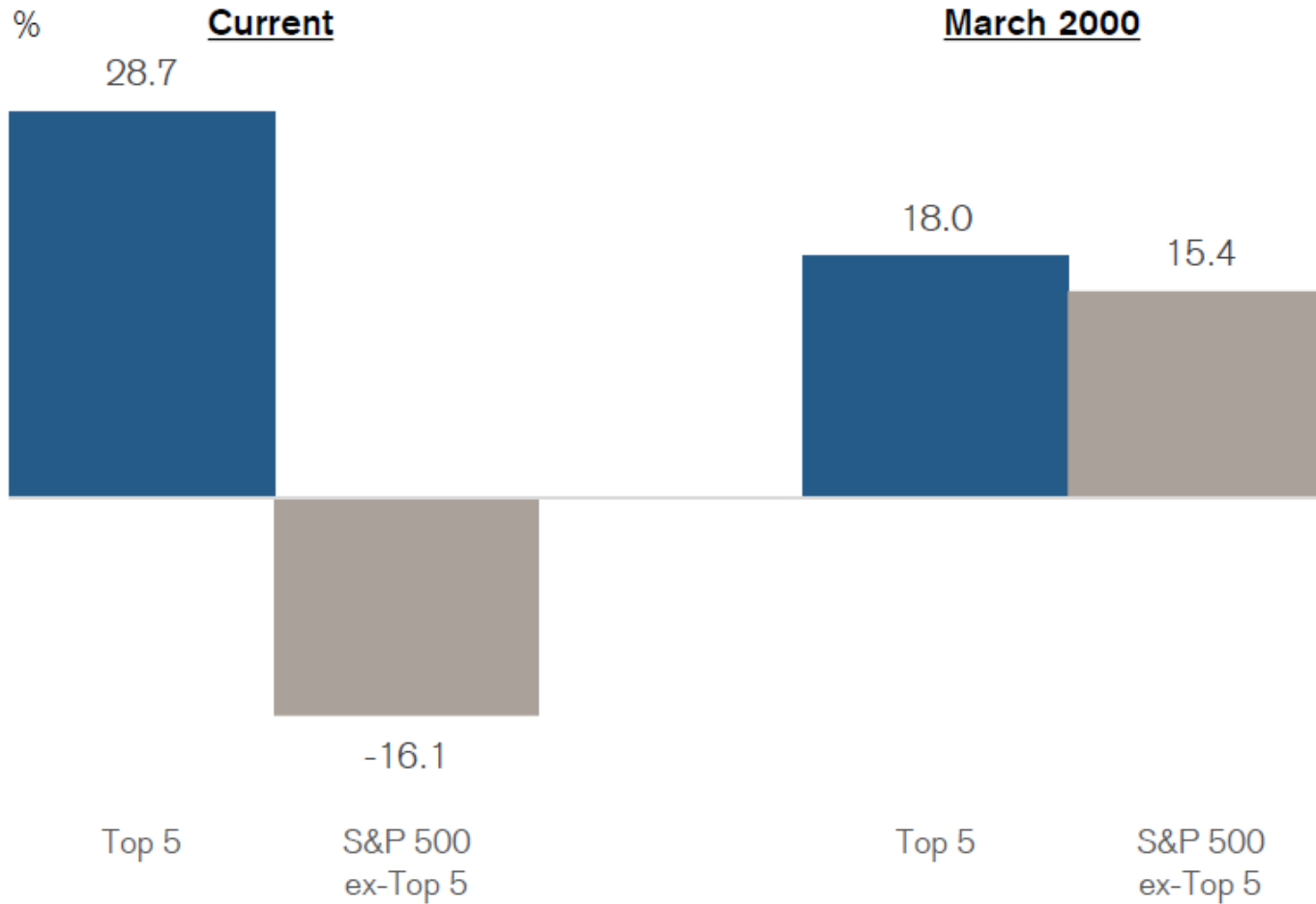
YoY Contribution of Earnings Per Share (EPS) and Price-to-Earnings (P/E) to Returns



Source: Standard and Poor's, Thomson Financial, FactSet, Credit Suisse. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.



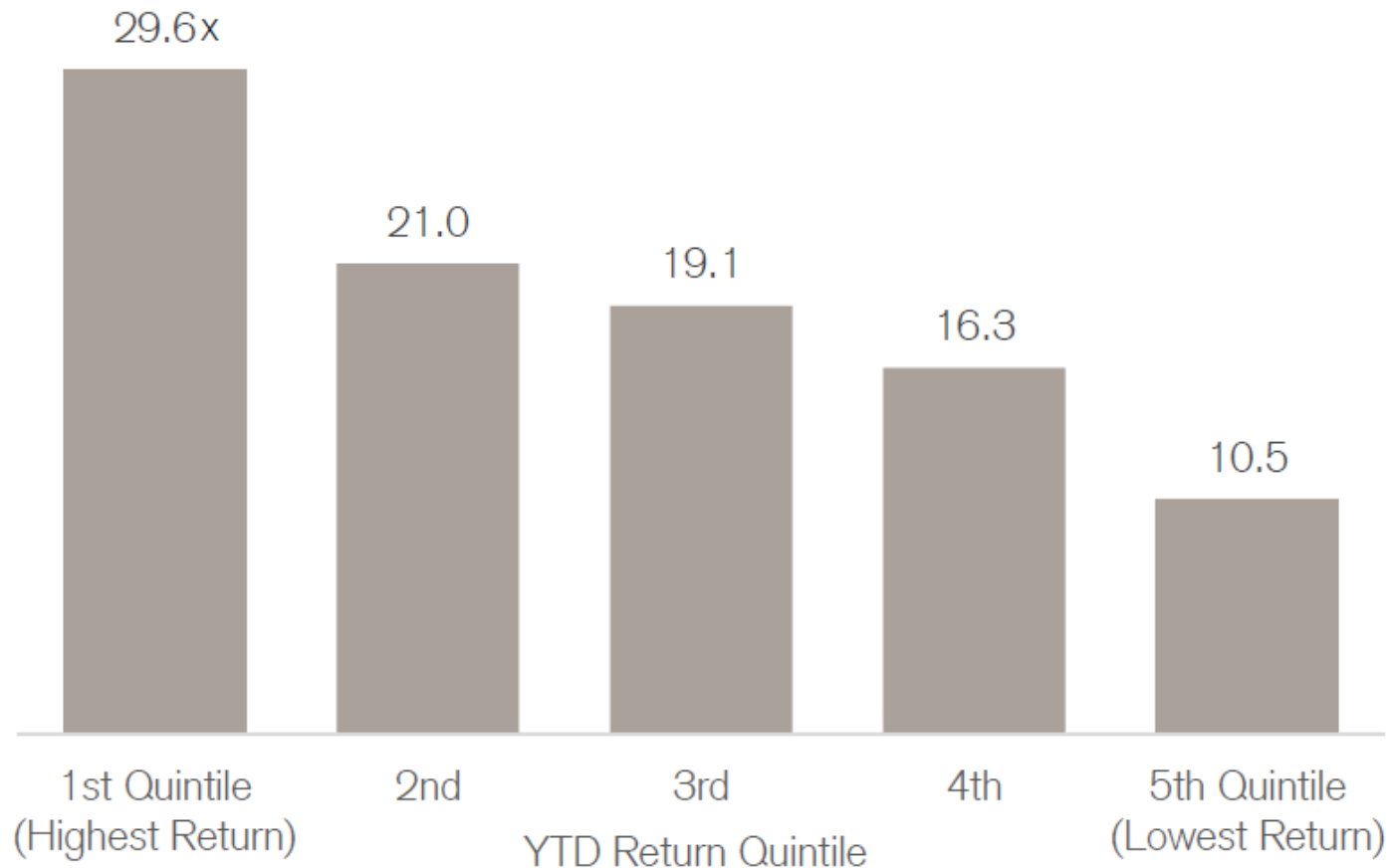
Earnings Growth (Trailing 12-Months)



Source: Standard and Poor's, Thomson Financial, FactSet, Credit Suisse. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.



Next Twelve Months Price-to-Earnings (P/E) by YTD Return Bucket



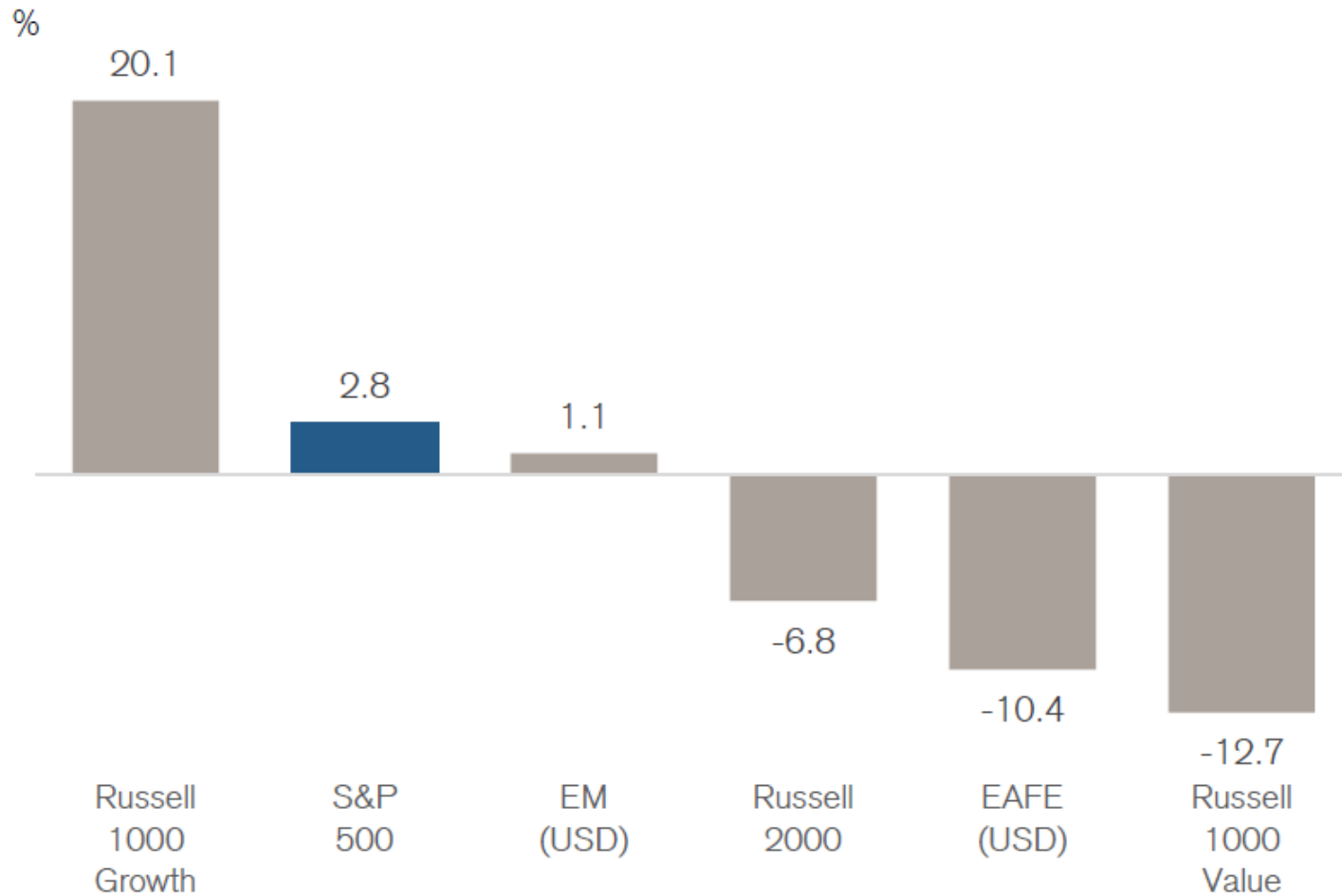
Note: Median NTM P/E by bucket. Buckets determined by YTD total return. S&P 500 ex- Fins & REITs.

Source: Standard and Poor's, Thomson Financial, FactSet, Credit Suisse. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.

Past performance is not indicative of future results.



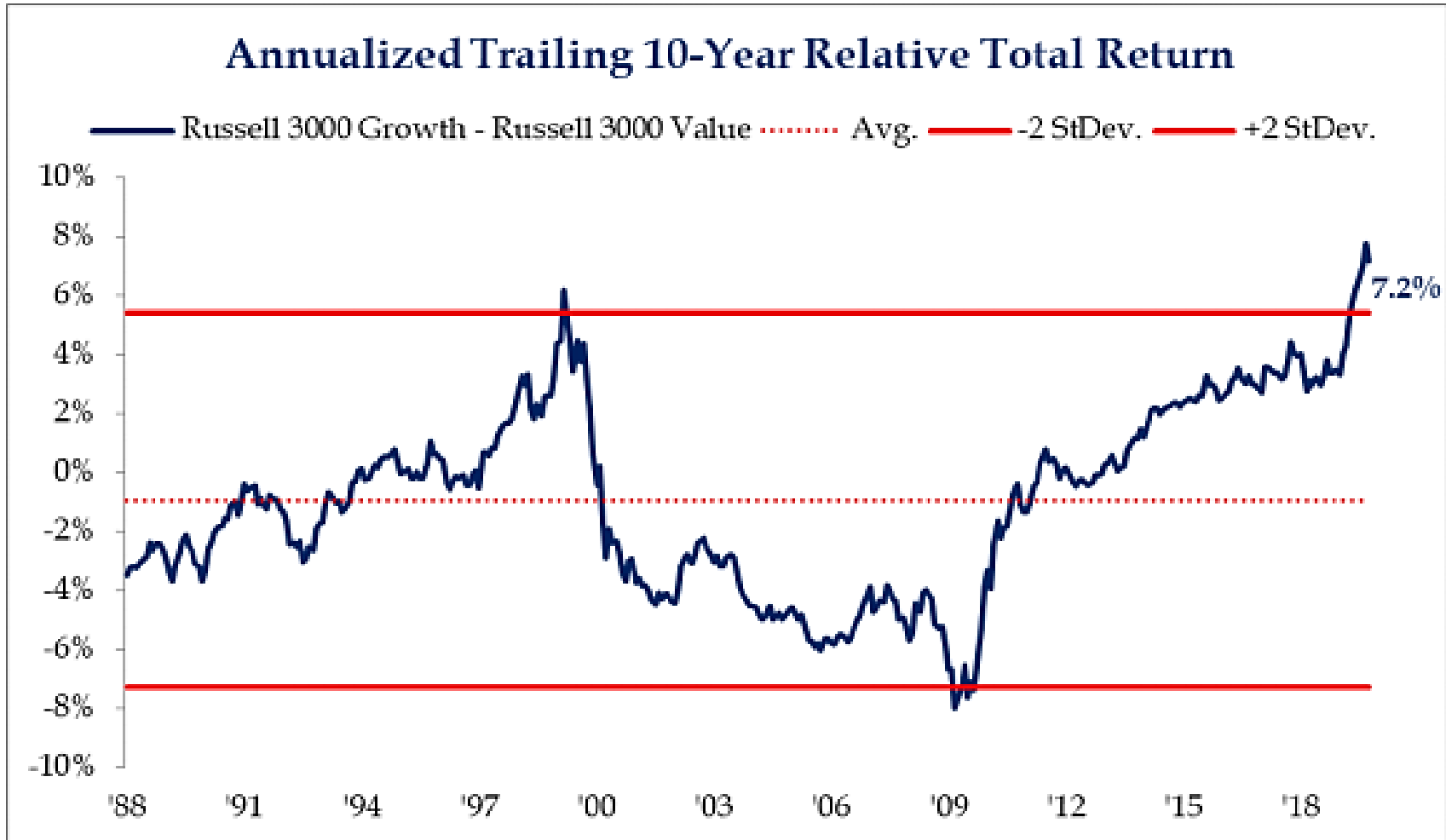
Total Return YTD



Note: MSCI EAFE and EM is USD

Ten Months ending 10.31.2020. Source: Standard and Poor's, Russell, MSCI, FactSet, Credit Suisse. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.

Past performance is not indicative of future results.

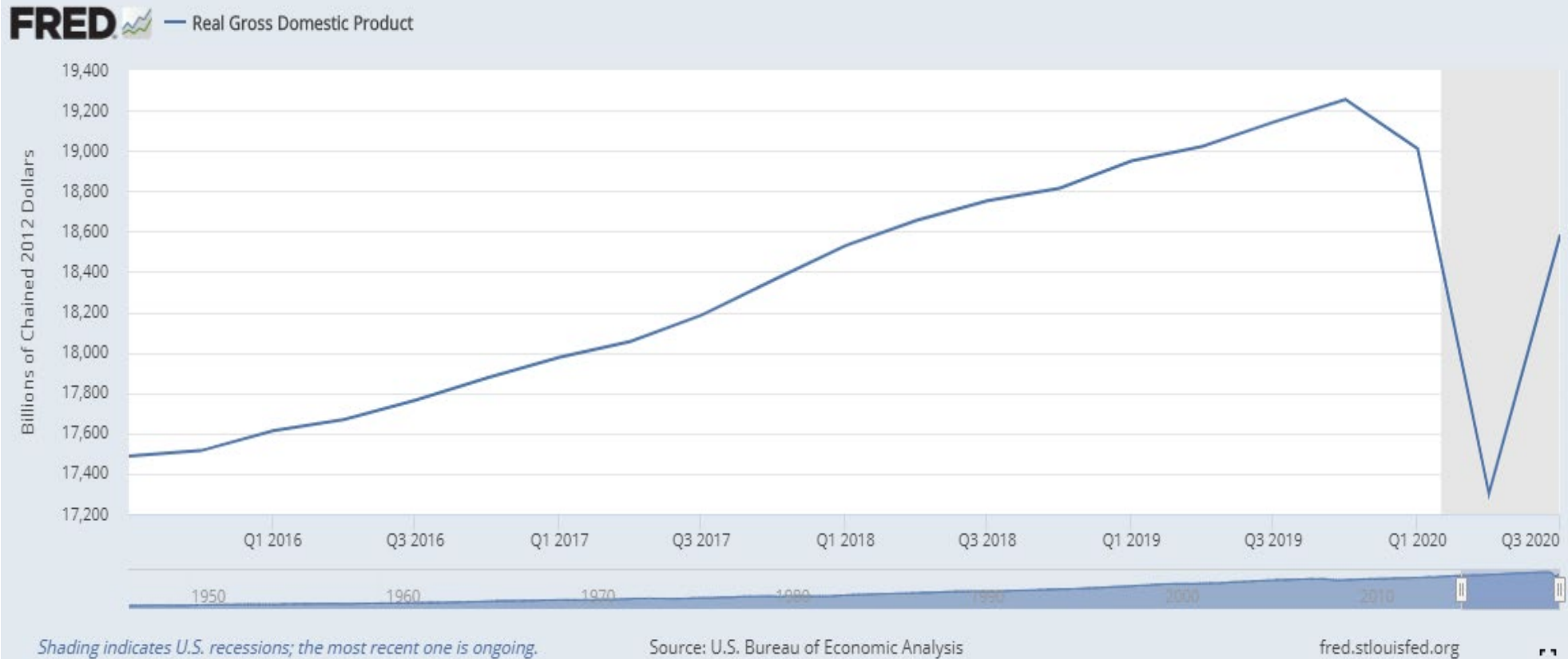


Source: Strategas Research. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.

Past performance is not indicative of future results.

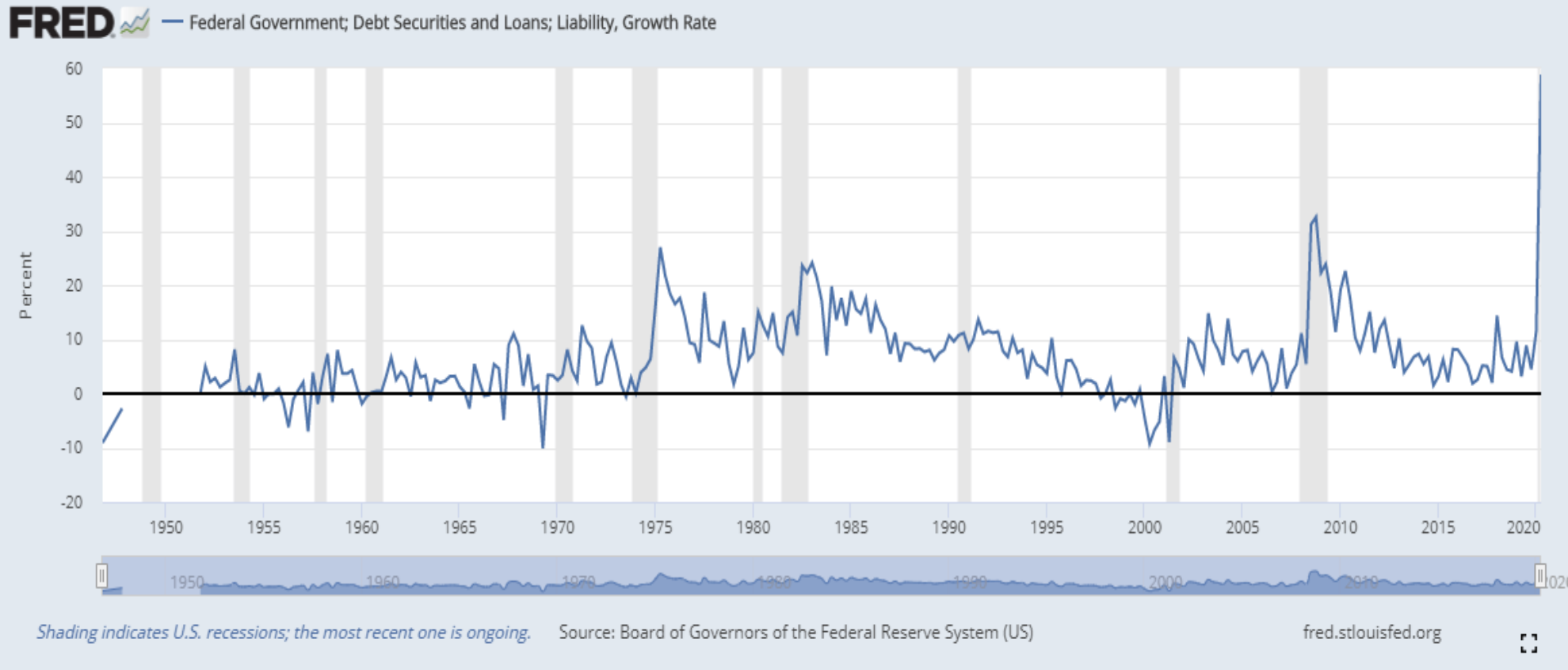


The Pandemic Punished the Economy GDP Plunged 31% in 2Q; Rebounded 33% in 3Q





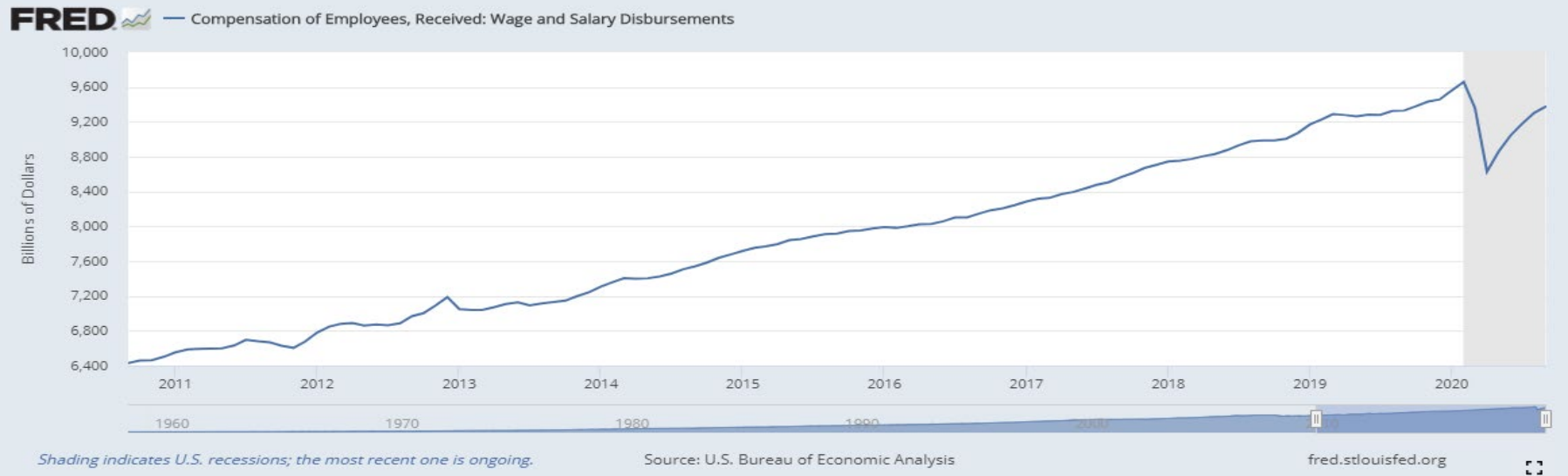
Chairman Powell to the Rescue “For as Long as It Takes”



Source: Board of Governors of the Federal Reserve System (US). The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.



Senator McConnell and Speaker Pelosi Help Out Too

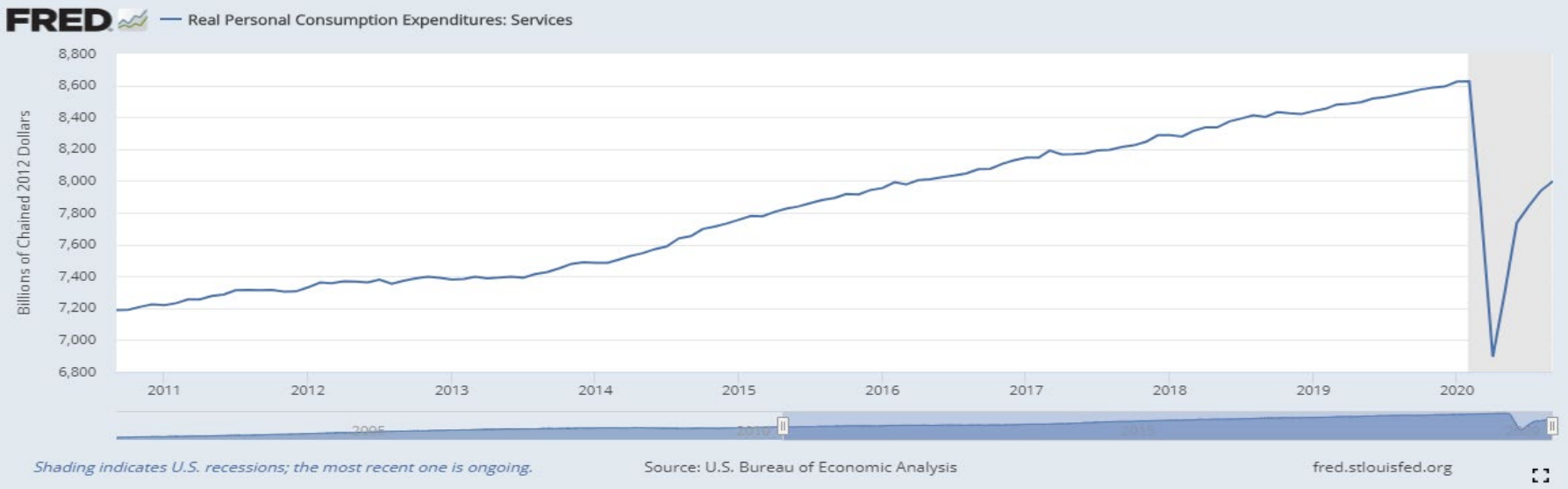
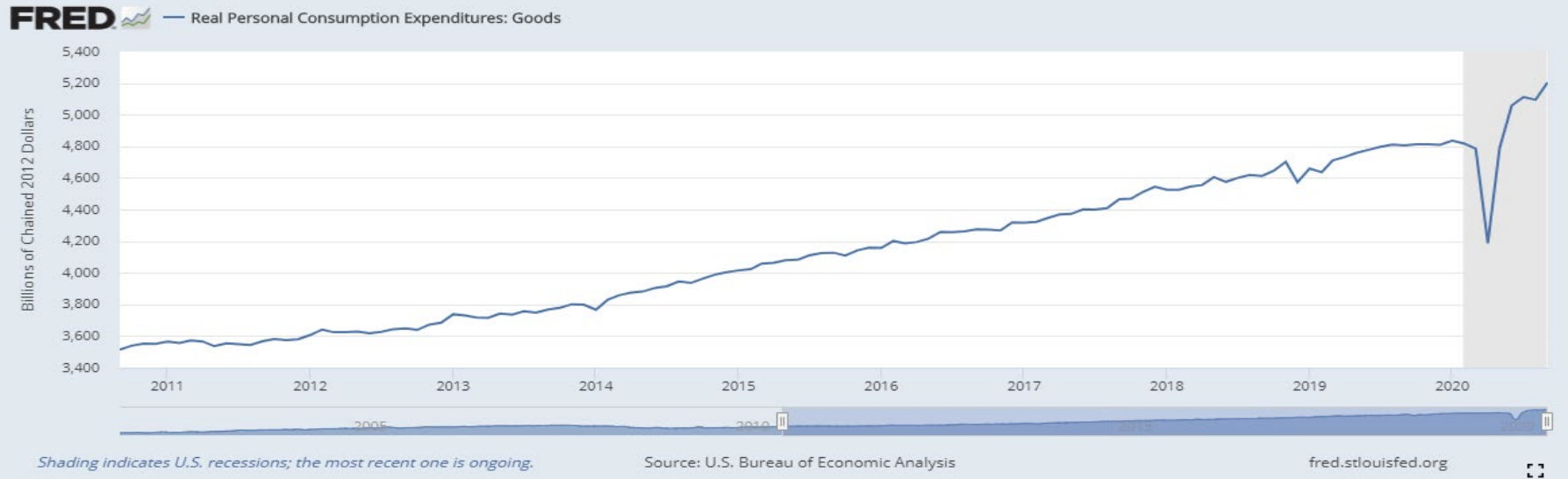


Source: U.S. Bureau of Economic Analysis. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.



The Fractured Economy

“Things” at New Highs; “Experiences” Still Limping



Source: U.S. Bureau of Economic Analysis. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.



Roughly 50% of all stocks have NO gains on a 1-year basis, and a 2-year basis

	<u>% Stocks with NO gains on a 1-Year Basis</u>	<u>% Stocks with NO gains on a 2-Year Basis</u>
S&P 500 Large Cap Index	53.00%	41.00%
S&P 400 Mid Cap Index	62.25%	57.25%
S&P 600 Small Cap Index	68.33%	63.50%
Russell 2000 Index	62.57%	61.83%
NASDAQ Composite Index	55.76%	58.97%

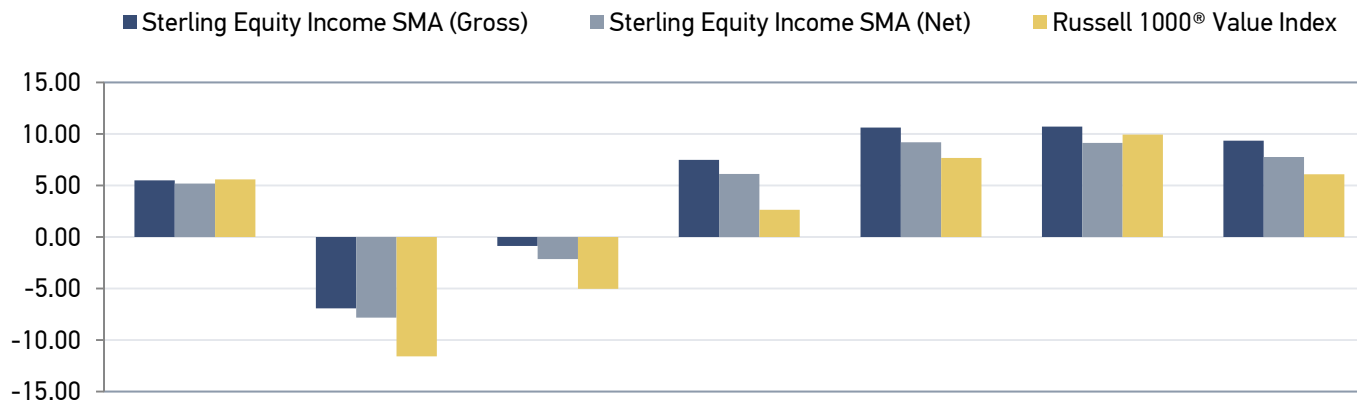
Market Breadth Has Already Improved

S&P 500					
U.S. Dollar					
	23-Mar-2020	30-Oct-2020	Security Name	% Change	% Return
High	2300.73	3304.93	S&P 500	46.15	46.15
Low	2191.86	3233.94	Invesco S&P 500 Equal Weight ETF	50.03	51.35
Close	2237.40	3269.96	Difference	-3.88	-5.20
Volume	4.55	3.00			

Source: Cornerstone Macro (Top Chart), FactSet (Bottom Chart). The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.



Another Strong Quarter for Risk Assets Equity Income Ahead of Russell 1000® Value Index YTD



Performance	QTR	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception*
Sterling (Gross)	5.51%	-6.94%	-0.88%	7.47%	10.63%	10.70%	9.34%
Sterling (Net)	5.18%	-7.82%	-2.13%	6.12%	9.19%	9.12%	7.75%
Russell 1000® Value	5.59%	-11.58%	-5.03%	2.63%	7.66%	9.95%	6.10%

*Inception date is 12.31.2000.

Data as of 09.30.2020. 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. "Pure" Gross of fees performance returns do not reflect the deduction of any fees including 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 located in the APPENDIX. Source: Russell Investments, Sterling Capital Management Analytics.

Past performance is not indicative of future results.



Top 5 Performers:

- United Parcel Service, Inc.
- Abbott Laboratories
- Corning Inc.
- Home Depot, Inc.
- Discover Financial Services

Bottom 5 Performers:

- Phillips 66
- CVS Health Corporation
- Abbvie, Inc.
- Citigroup Inc.
- EOG Resources, Inc.

Data as of 09.30.2020. The top/bottom performers are based on quarterly contribution to return. 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.



What Are Yields Trying to Tell Us? (Economy Is Improving? Stimulus Dead Ahead?)

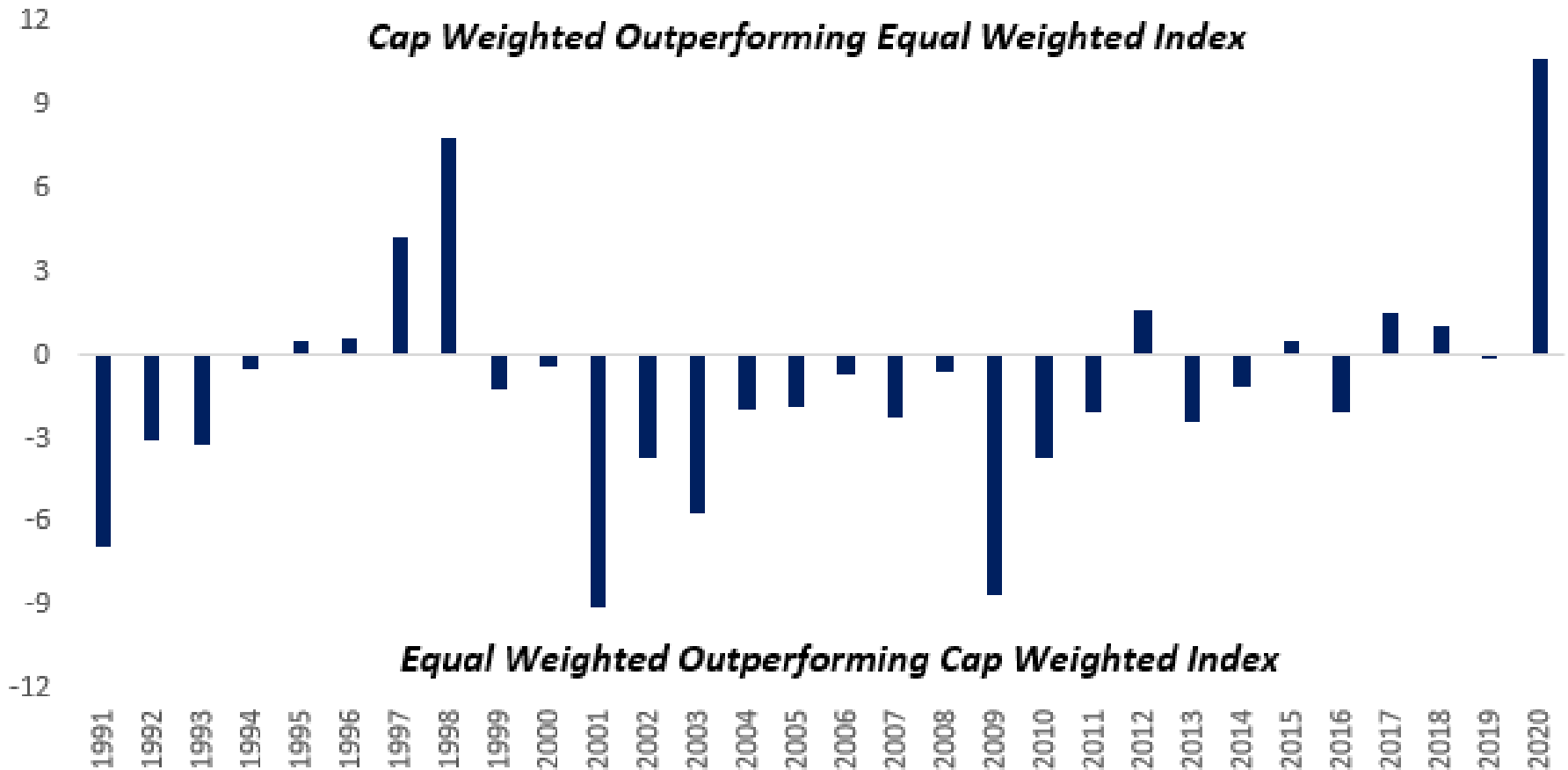


Source: Strategas Research. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.

Past performance is not indicative of future results.



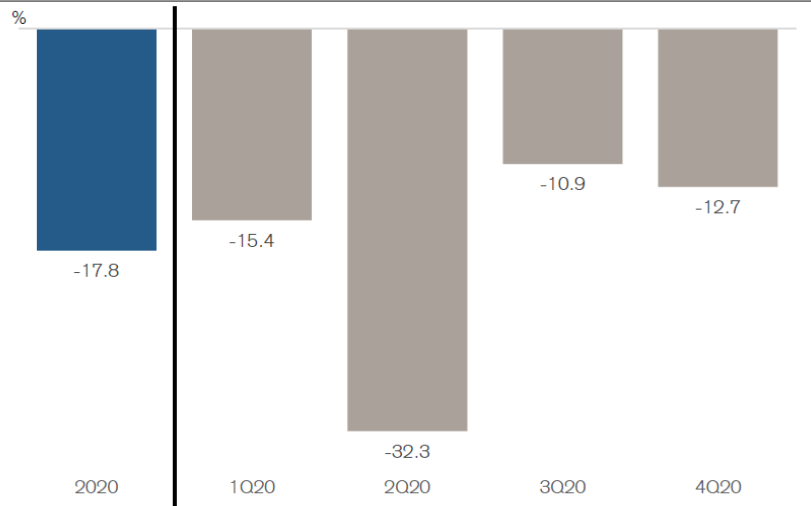
Spread Between Cap and Equal Weighted S&P 500 (YTD Through 7/9)



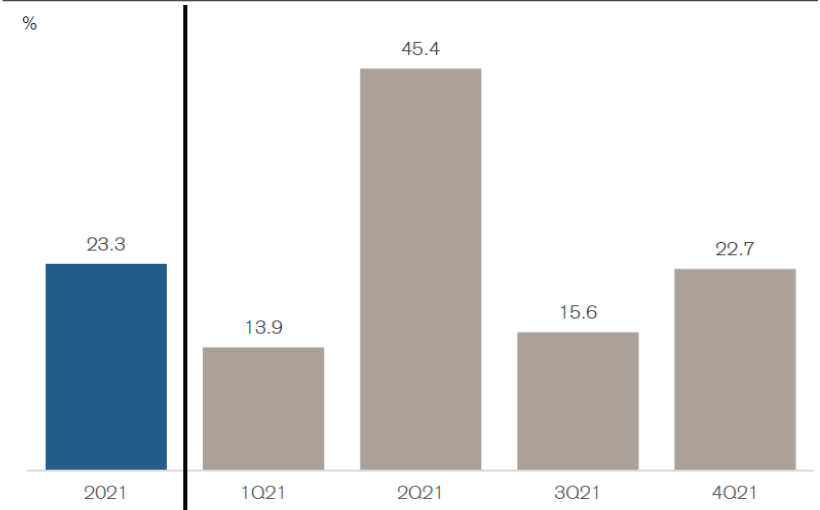
Source: Bespoke Investment Group. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.



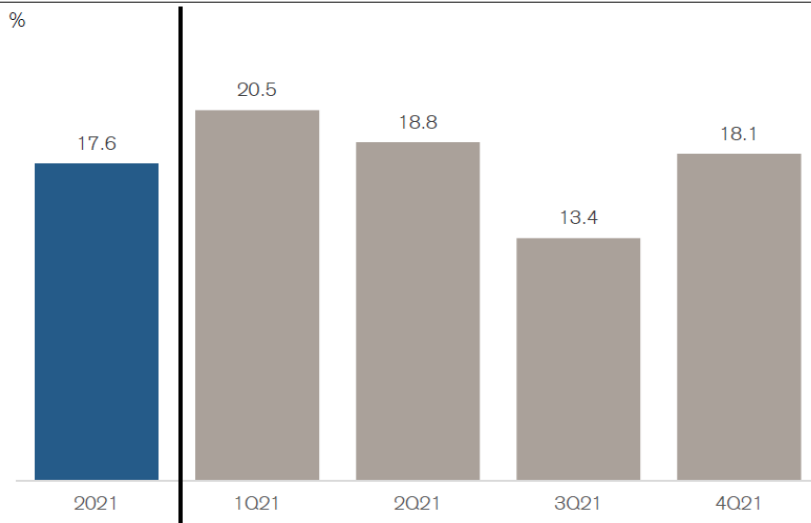
S&P 500 Consensus EPS Growth: 2020



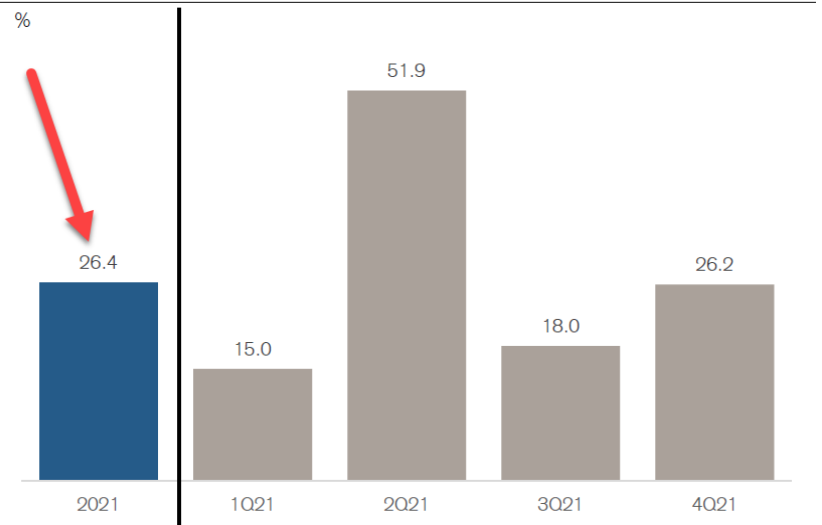
S&P 500 Consensus EPS Growth: 2021



Russell 1000 Growth Consensus EPS Growth: 2021



Russell 1000 Value Consensus EPS Growth: 2021



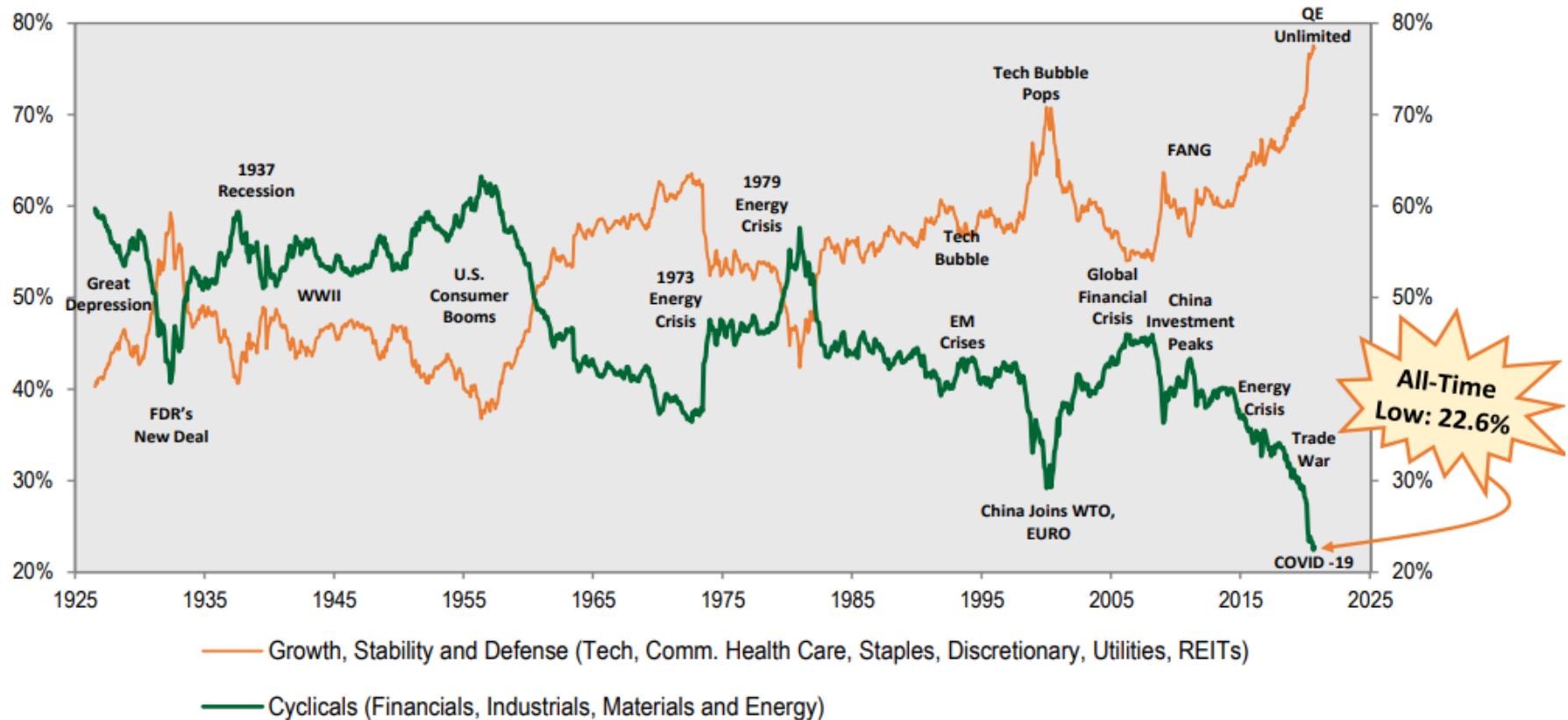
Source: Standard and Poor's, Russell, Thomson Financial, FactSet, Credit Suisse. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.



Valuations Overall Have Lifted, in Part Because the Market's Internals Are Higher Quality

Cyclical Sectors Weigh Only 22.7%

S&P 500 Index Composition Matters

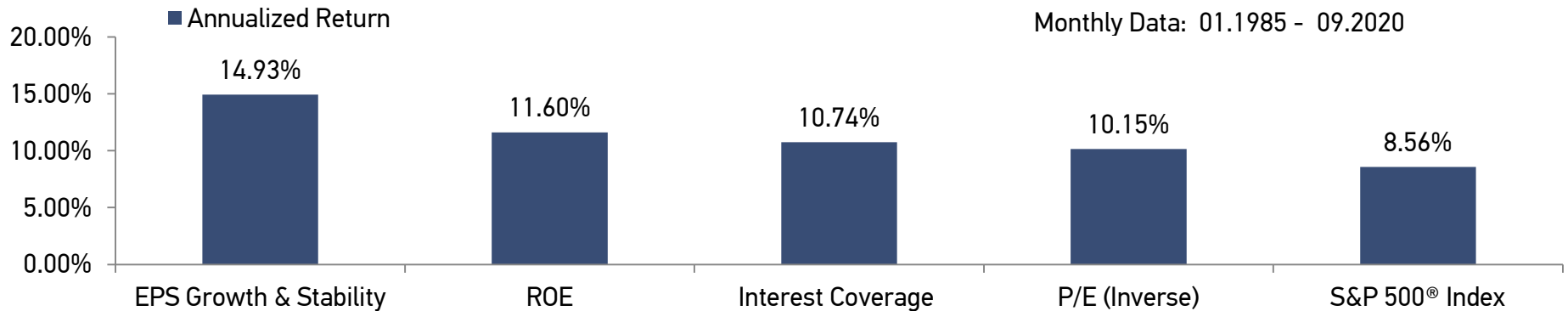


As of 10.01.2020. Source: Cornerstone Macro. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.

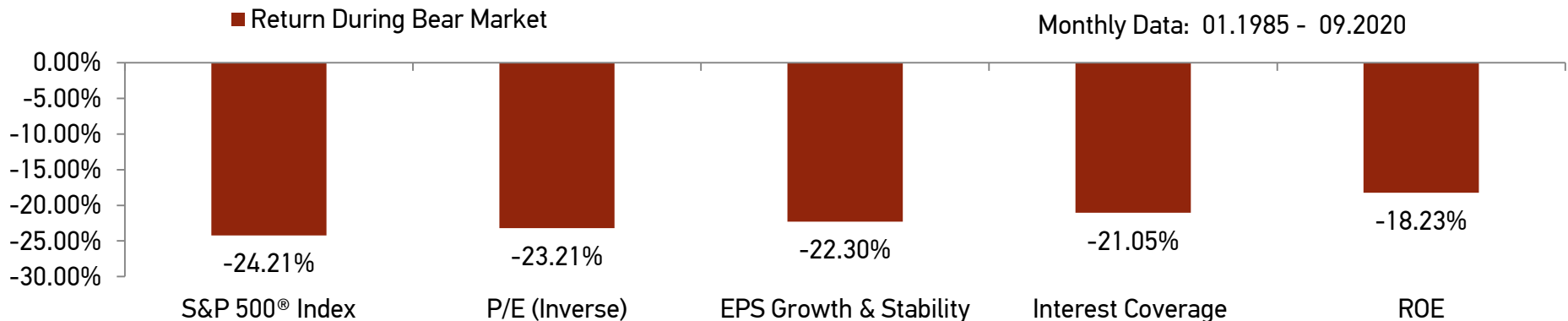


Seek Capital Appreciation and Risk Reduction by Constructing Portfolios with Attractive Valuations (P/E), Robust Operating Growth (EPS Growth/Stability), High Profitability (ROE) and Strong Balance Sheets (Interest Coverage)

Annualized Return of Top Decile of S&P 500® Index by Factor



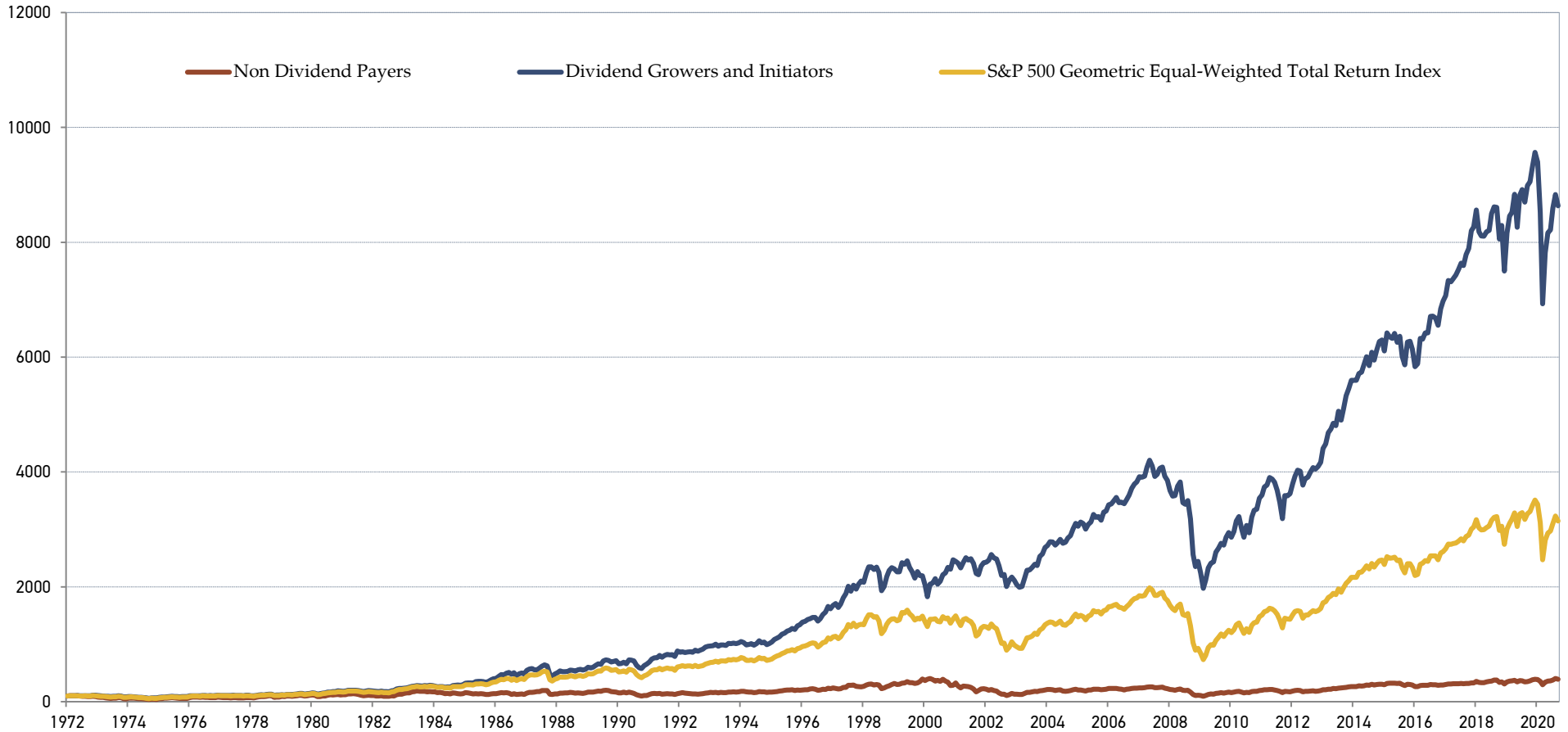
Annualized Return in Bear Markets for Top Decile of S&P 500® Index by Factor



As of 09.30.2020. Source: Ned Davis Research, S&P Dow Jones Indices. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.



Returns of S&P 500 Stocks by Dividend Policy Monthly Data 01.31.1972 – 09.30.2020



Source: Ned Davis Research, Inc.

Returns based on quarterly equal-weighted geometric average of total returns of S&P 500 component stocks, with components reconstituted monthly.

Past performance is not indicative of future results.



Equity Income SMA Portfolio Characteristics (10.31.2020)

	Growth/Stability				Valuation			Profitability		Balance Sheet		Dividends	
	20y EPS Growth	21y EPS Growth	'16-'21 EPS CAGR	'19-'21 EPS Gr	21y P/E	21y EV/ EBITDA	21y EV FCF Yld	ROE	EBITDA Mgn	Interest Coverage	Leverage	Div Yield	5Yr Div CAGR
EI Median*	-5%	14%	7%	7%	17.2	13.6	4.3%	13.7	26.3	8.6	2.2	2.8%	11.1%
R1V Median	-11%	11%	6%	1%	18.2	12.6	4.2%	9.4	19.0	4.4	2.8	2.5%	7.0%
vs Benchmark	6%	2%	1%	6%	-6%	8%	2%	45%	39%	94%	-20%	10%	59%

*Representative account. As of 10.31.2020. Source: Bloomberg. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.



Sterling Equity Income SMA

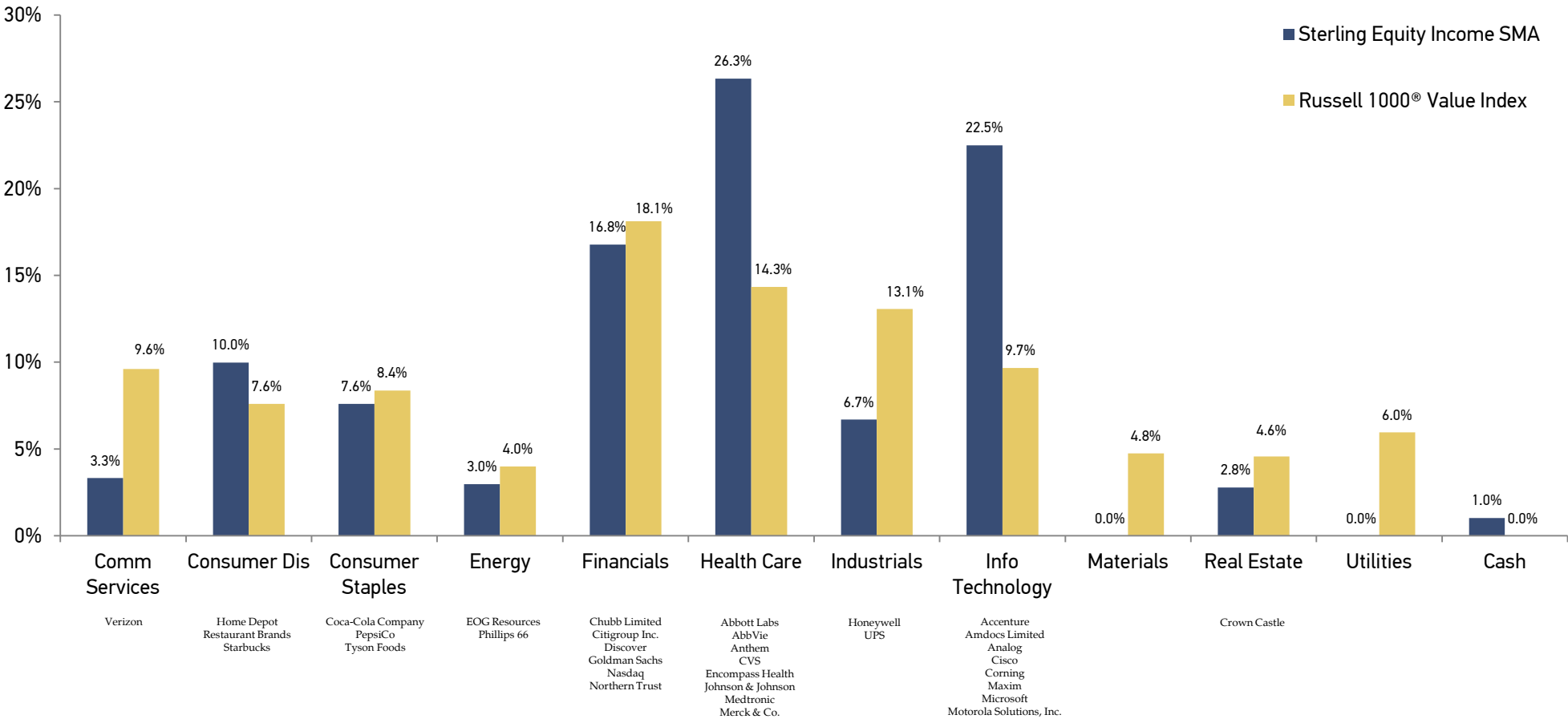
Portfolio Characteristics		
	Sterling	Index
Wtd. Average Market Cap	\$192.8B	\$122.2B
Wtd. Median Market Cap	\$115.5B	\$65.1B
Wtd. Average Dividend Yield	2.6%	2.6%
Median Historical 5-Year DPS Growth	12.5%	7.9%
Wtd. Harmonic Median P/E Ratio (FY1)	24.4x	23.0x
Median Historical 3-Year EPS Growth	16.0%	12.4%
Median Est. 3-5 Year EPS Growth	5.9%	7.0%
Median Net Debt/EBITDA	1.7	2.4
Median Return on Equity	15.0%	12.2%
Number of Holdings	34	850
Active Share	86.0%	---
Turnover	28.4%	---

Top Ten Equity Holdings	
1. Home Depot, Inc.	5.2%
2. Abbott Laboratories	4.9%
3. Microsoft Corporation	4.9%
4. Accenture Plc Class A	4.5%
5. Merck & Co., Inc.	4.1%
6. PepsiCo, Inc.	3.7%
7. Discover Financial Services	3.7%
8. Medtronic Plc	3.6%
9. Analog Devices, Inc.	3.6%
10. Nasdaq, Inc.	3.5%
<i>Total % of Portfolio</i>	<i>41.7%</i>

Data as of 09.30.2020. Index is Russell 1000® Value. Turnover is for the last 12 months. 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. The Characteristics and Top Ten Holdings are considered Supplemental Information to the Composite Disclosure Presentation located in the APPENDIX. Source: Russell Investments, FactSet, Sterling Capital Management Analytics.



Sterling Equity Income SMA



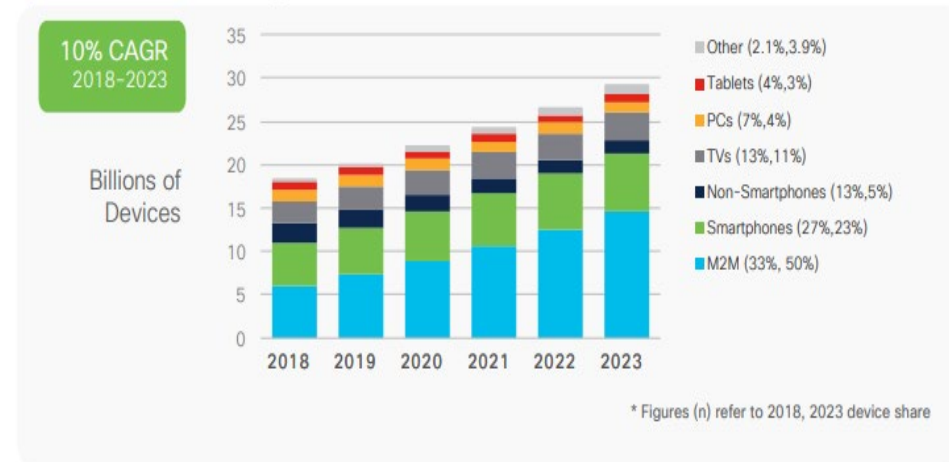
Data as of 09.30.2020. Totals may not equal 100% due to rounding. Specific securities identified and described do not represent all of the securities purchased, sold or recommended to clients. There are no assurances that securities identified will be profitable investments. The securities described are neither a recommendation nor a solicitation. 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. The Portfolio Diversification is considered Supplemental Information to the Composite Disclosure Presentation located in the APPENDIX. Source: Russell Investments, S&P, FactSet, Sterling Capital Management Analytics.



- IDC predicts 175 zettabytes of data by 2025; 61% *annual* growth
- >50% of revenue now software and services
 - 74% of software by subscription
 - Believe favorable valuation to follow
- Resilient earnings in pandemic
 - 66% gross margin; 28% operating; earnings per share (EPS) flat YoY in FY20
 - However shares -30% from highs
- 3.5% yield; dividend up 6x in eight years
 - 600 million shares repurchased in three years
- \$29 billion cash; net debt free
- 21% return on invested capital (ROIC)
- 12x est. FY2021 EPS
- \$6+ billion annual research and development (R&D) spend
- Work from home (WFH) enabler
- Ranked #1 Best Place to Work



Figure 2. Global device and connection growth



Source: Cisco Annual Internet Report, 2018-2023

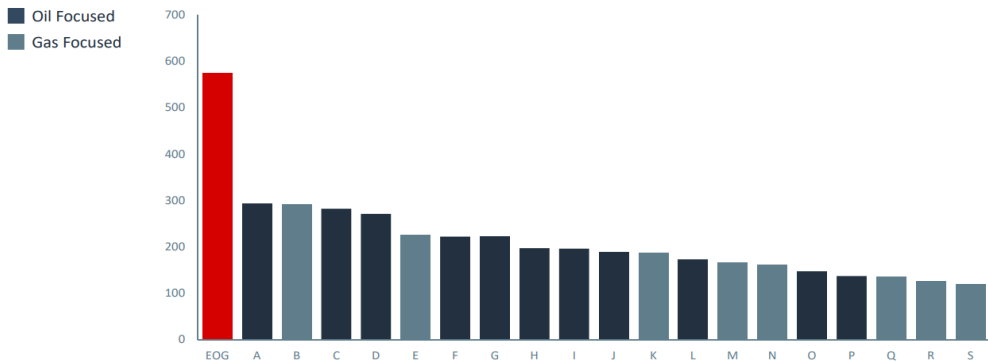


New Position: EOG – a Contrarian Idea Now that Energy Is Only 2% of the S&P 500

- Industry fracking pioneer
- Key metrics 2017-19
 - 14% return on capital
 - \$2.2 billion debt reduction
 - \$4.6 billion free cash flow
 - 55% increase in proved reserves
- <4% yield at purchase
- 14% debt/capital
- High quality resource base

EOG Continued Leading the “Thousand Club” in 2019

Number of Wells with 30-Day Peak Rate > 1,000 Boed



Source: Sanford C. Bernstein & Co. Thousand Club includes wells with peak 30-day production over 1,000 Boed. Represents 7,602 out of 22,639 wells with initial production in 2019. Companies: AXAS, CHK, CJR, COP, CKO, DYN, FCA, EQT, ESTE, FANG, JAG, MRO, NBL, OXY, PKD, SROW, WPP, XEC and XOM.

Source: EOG (all charts). 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.

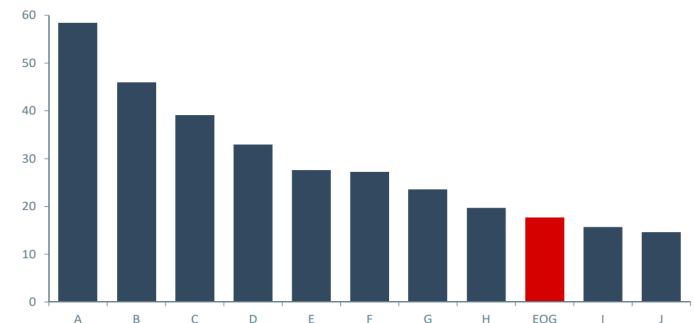
Sustainable, Growing Dividend

\$ per Share

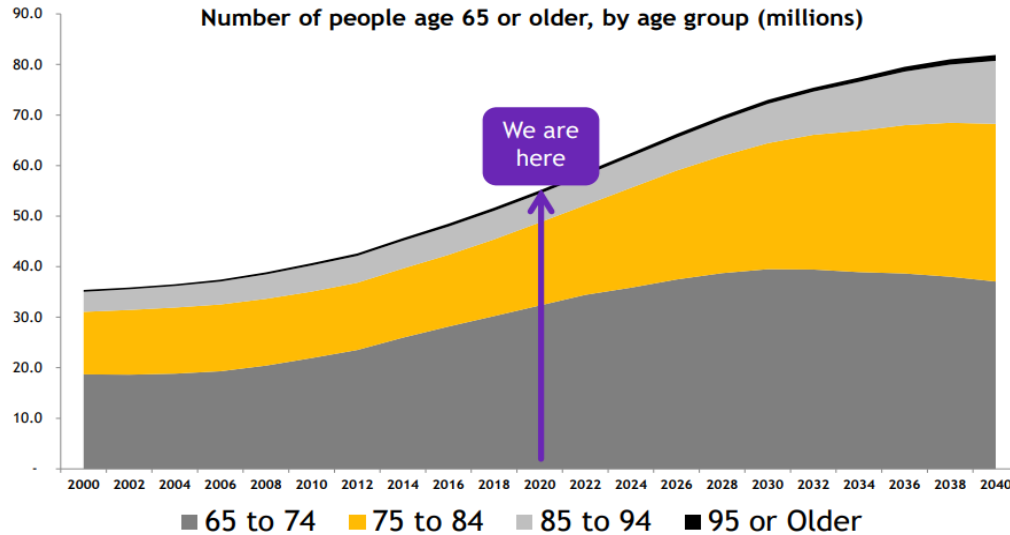


Committed to Minimizing Emissions

2018 Greenhouse Gas Intensity¹
 ● EOG
 ● Peers²



(1) Metric: tons of 2018 CO₂e emissions per MBoe of 2018 gross U.S. production.
 (2) Peers include APA, APC, COP, CKO, DYN, HES, MRO, NBL, OXY and PKD.
 Source: EPA website for company emissions data, HSE for peer company gross production data and company data for EOG gross production data.



- Demographic tailwinds
 - Average patient age 71
- Non-hospital care saves money
- 23% rehab inpatient market share
- 184,000 annual discharges
- Expect census to bounce back in '21
- Home health and hospice consolidator
- 15x est. 2021 EPS; consensus EPS +34%
- Fortune “Best Place to Work” 2016-20

IRF patient mix

Admission sources:

Acute care hospitals - 90%
Physician offices / community - 8%
Skilled nursing facilities - 2%

Rehabilitation impairment category		YTD Q2-20	2019
RIC 01	Stroke	19.3%	18.5%
RIC 02/03	Brain dysfunction	10.7%	10.2%
RIC 04/05	Spinal cord dysfunction	3.8%	3.9%
RIC 06	Neurological conditions	20.4%	20.8%
RIC 07	Fracture of lower extremity	8.2%	7.4%
RIC 08	Replacement of lower extremity joint	2.4%	3.4%
RIC 09	Other orthopedic	7.8%	8.8%
RIC 10/11	Amputation	3.0%	2.8%
RIC 14	Cardiac	4.4%	4.6%
RIC 17/18	Major multiple trauma	5.7%	5.4%
RIC 20	Other disabling impairments	11.7%	11.3%
-	All other RICs	2.6%	2.9%

Average age of the Company's IRF patients:
all patients = 71 Medicare FFS = 76

#1 Owner and operator of inpatient rehabilitation hospitals in terms of patients treated and discharged, revenues and number of hospitals

4th Largest provider of Medicare-certified skilled home health services

11th Largest provider of Medicare-certified hospice services

Number of states in which we operate
37 and Puerto Rico

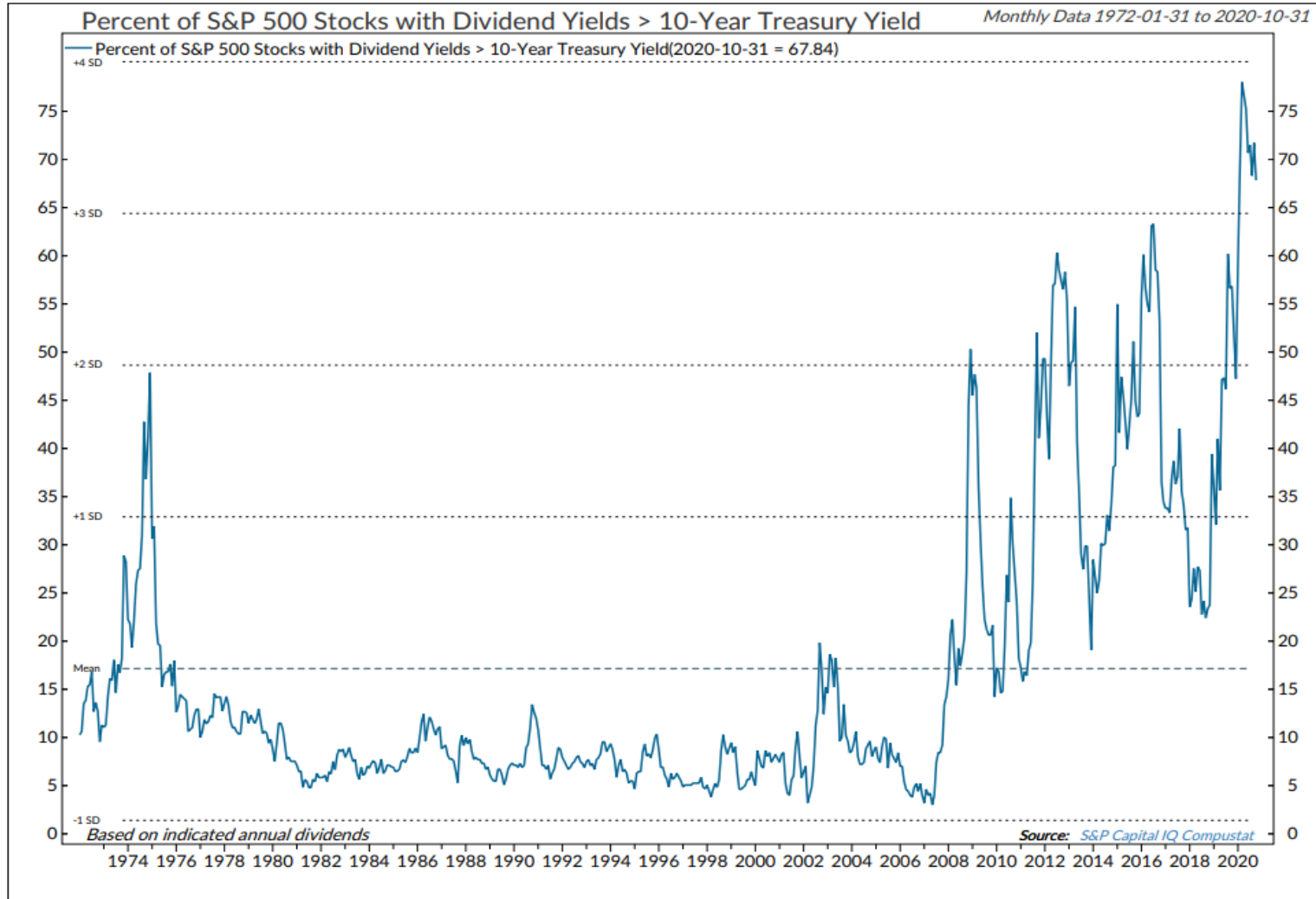
~31% Share of Medicare patients receiving inpatient rehabilitation services from Encompass Health

Encompass Health

Source: Encompass Health Corp (all charts). 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.



Rare and We Believe Favorable Conditions For Equity Income Investors



[S015](#)



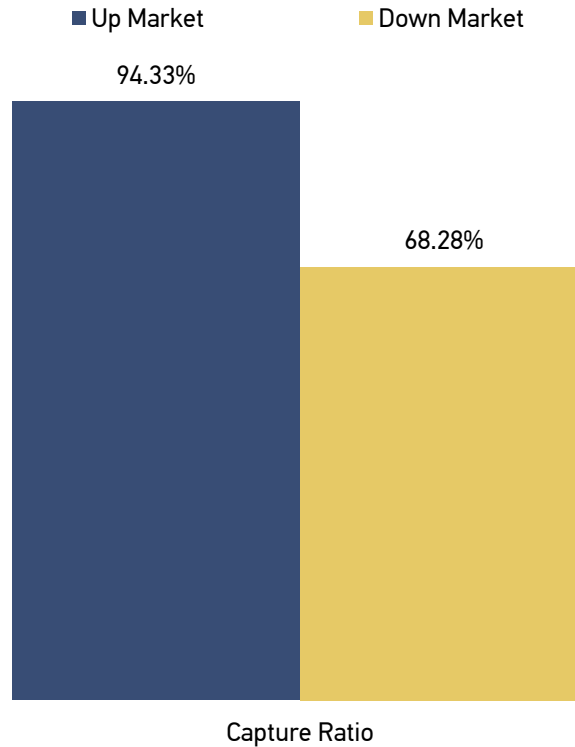
© Copyright 2020 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/

Source: Ned Davis Research. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.

Past performance is not indicative of future results.



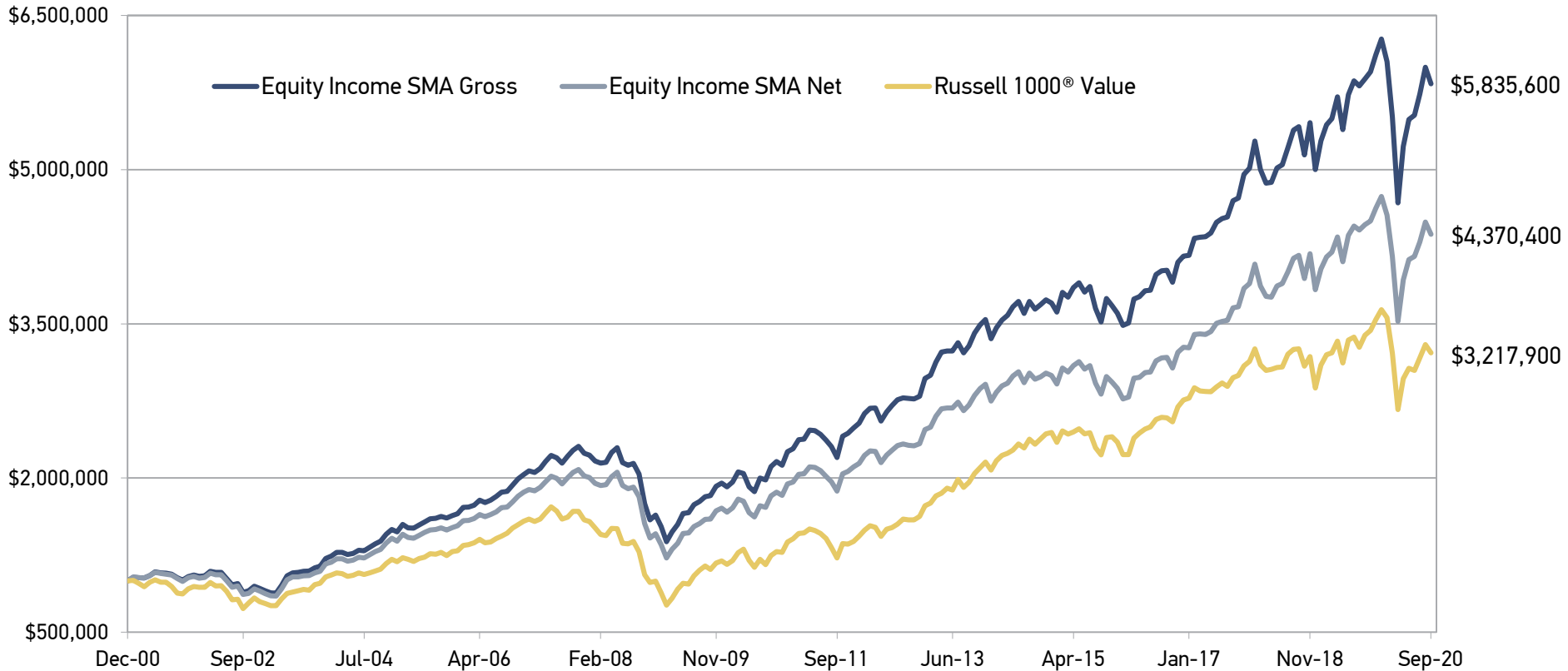
Sterling Equity Income SMA vs. Russell 1000® Value Index Gross of Fees, Since Inception (12.31.2000)



Data as of 09.30.2020. Up Market Capture is a measure of the manager's performance when the benchmark has positive returns for the period relative to the benchmark itself. Down Market Capture is a measure of the manager's performance when the benchmark has negative returns for the period relative to the benchmark itself. Performance is preliminary and annualized for periods longer than one year. "Pure" Gross of fees performance returns do not reflect the deduction of any fees including 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. Up Market/Down Market Capture Ratio is considered Supplemental Information to the Composite Disclosure Presentation which is located in the APPENDIX. Source: Russell Investments, eVestment Analytics, Sterling Capital Management Analytics.



Sterling Equity Income SMA Gross and Net of Fees, Since Inception (12.31.2000)



As of 09.30.2020. The Growth of \$1 Million chart is hypothetical based upon the composite net of fees performance since inception. Net of fees performance returns are preliminary and are presented net of the investment management fees and trading expenses. "Pure" 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 Growth of \$1 Million is considered Supplemental Information to the Composite Disclosure Presentation located in the APPENDIX. Source: Russell Investments, eVestment Analytics.



Please click the “raise your hand” icon for questions

Appendix



Performance is compared to an index, however, the volatility of an index varies greatly. Indices are unmanaged and investments cannot be made directly in an index.

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 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 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 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

The Russell 3000® Growth Index measures the performance of the broad growth segment of the US equity universe. It includes those Russell 3000® companies with higher price-to-book ratios and higher forecasted growth values. The Russell 3000® Growth Index is constructed to provide a comprehensive, unbiased and stable barometer of the broad growth market. 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 3000® Value Index measures the performance of the broad value segment of the US equity value universe. It includes those Russell 3000® companies with lower price-to-book ratios and lower forecasted growth values. The Russell 3000® Value Index is constructed to provide a comprehensive, unbiased and stable barometer of the broad value market. 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 NASDAQ Composite Index is the market capitalization-weighted index of over 2,500 common equities listed on the NASDAQ stock exchange. The types of securities in the index include American depositary receipts, common stocks, real estate investment trusts (REITs) and tracking stocks, as well as limited partnership interests. The index includes all Nasdaq-listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debenture securities.

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: **P/E Ratio:** the price-to-earnings ratio (P/E ratio) is a ratio used to compare the price of a fund's stocks with their per-share earnings, with a higher ratio indicating the market has belief that a company has the ability to increase its earnings. **Earnings Per Share (EPS):** the portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability. **Net Debt/EBITDA:** the net debt-to-EBITDA (earnings before interest depreciation and amortization) ratio is a measurement of leverage, calculated as a company's interest-bearing liabilities minus cash or cash equivalents, divided by its EBITDA. The net debt-to-EBITDA ratio is a debt ratio that shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant. **Return on Equity:** the amount of net income returned as a percentage of shareholders equity. **Turnover:** a measure of how frequently assets within a fund are bought and sold by the managers. **Active Share:** measures the degree of active management by a portfolio manager represented as a percentage of the fund's holdings that differ from the benchmark. **Return on Invested Capital (ROIC):** the amount of return a company makes above the average cost it pays for its debt and equity capital. **Free Cash Flow (FCF):** represents the cash a company generates after accounting for cash outflows to support operations and maintain its capital assets. **Compound Annual Growth Rate (CAGR):** the rate of return that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each year of the investment's lifespan. **Gross Domestic Product (GDP):** is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. (Technical definitions are sourced from Investopedia.)



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 presentation 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 – Equity Income SMA Composite

December 31, 2000 – December 31, 2019

Description: Consists of all discretionary separately managed wrap Equity Income portfolios. Sterling's Equity Income portfolios invest primarily in companies with a dividend yield greater than the S&P 500 and a history of growing the dividend, either three consecutive years or six of the prior ten years.

Year	Total Return "Pure" Gross of Fees	Total Return Net of Fees	No. of Portfolios	Composite Assets End of Period (\$MM)	Percent of Firm Assets	Total Firm Assets (\$MM)	Composite Dispersion (%)	Russell 1000 Value Index	Composite 3-yr St Dev (%)	Benchmark 3-yr St Dev (%)
2019	25.30	23.73	5	739	1.3	58,191	Not Meaningful	26.54	11.32	11.85
2018	-0.26	-1.53	5	619	1.1	56,889	Not Meaningful	-8.27	11.01	10.82
2017	20.54	18.94	4	643	1.2	55,908	Not Meaningful	13.66	9.78	10.20
2016	15.43	13.84	3	989	1.9	51,603	Not Meaningful	17.34	10.40	10.77
2015	-2.70	-4.15	3	1,100	2.2	51,155	Not Meaningful	-3.83	10.20	10.68
2014	4.61	2.98	3	1,501	3.2	47,540	Not Meaningful	13.45	8.33	9.20
2013	26.70	24.74	3	1,574	3.4	45,638	Not Meaningful	32.53	9.72	12.88
2012	12.39	10.63	3	1,272	28.8	4,422	Not Meaningful	17.51	11.83	15.73
2011	10.24	8.54	2	1,159	29.5	3,932	Not Meaningful	0.39	14.88	20.98
2010	15.64	13.87	2	992	28.0	3,548	Not Meaningful	15.51	17.82	23.51
2009	18.92	17.05	2	811	28.6	2,839	Not Meaningful	19.69	16.17	21.40
2008	-26.17	-27.26	2	620	32.5	1,907	Not Meaningful	-36.85	13.18	15.58
2007	9.20	7.66	1	668	32.4	2,059	Not Meaningful	-0.17	6.52	8.17
2006	23.09	21.35	1	442	33.6	1,314	Not Meaningful	22.25	6.00	6.78
2005	10.19	8.63	1	263	29.1	904	Not Meaningful	7.05	9.51	9.59
2004	23.23	21.39	1	128	24.5	522	Not Meaningful	16.49	12.76	14.97
2003	31.36	29.24	1	31	19.6	158	Not Meaningful	30.03	12.94	16.22
2002	-12.34	-13.78	1	15	29.4	51	Not Meaningful	-15.52		
2001	5.76	4.46	1	4	16.7	24	Not Meaningful	-5.59		
Annualized Since Inception	10.14	8.54						7.04		

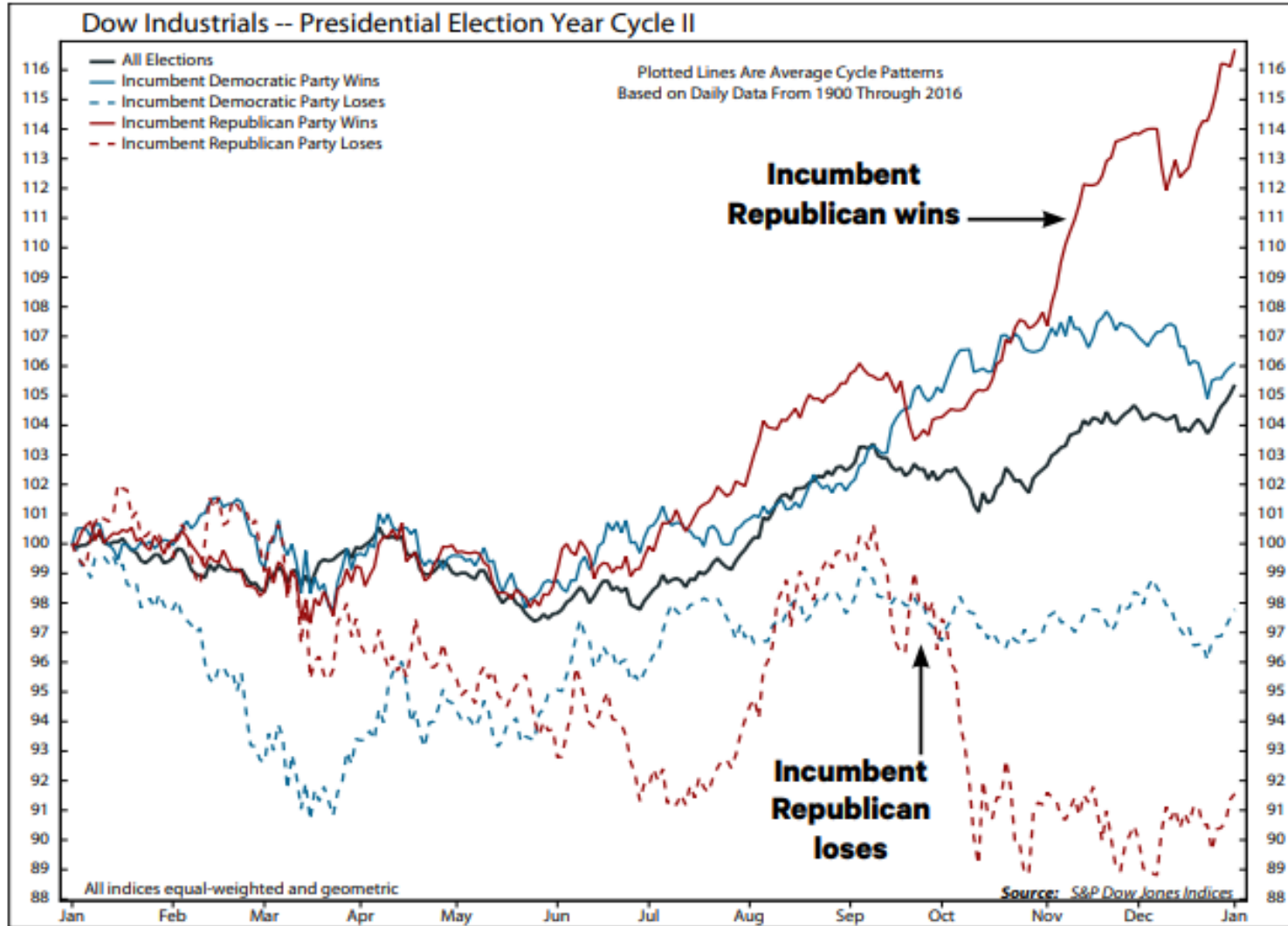
Sterling Capital Management LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Sterling Capital Management LLC has been independently verified for the periods 01/01/01 to 12/31/18. The verification 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. 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.
2. George F. Shipp, 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, 2000. Creation date: December 31, 2000. The appropriate benchmark for this composite is the Russell 1000 Value Index. 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 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. Portfolios utilize trade-date accounting. Valuations and performance are reported in US dollars. Composite returns are calculated monthly by weighting the aggregate SMA/Wrap sponsor returns using beginning of period market values. Periodic time weighted returns are geometrically linked. Returns are not calculated net of non-reclaimable withholding taxes due to immaterial dollar amounts.
5. The net of fee return reflects the actual SMA fee of the individual portfolios in each platform except for one platform where the maximum fee is deducted from the gross return. The SMA fee includes all charges for trading costs, portfolio management, custody and other administrative fees. The actual fee may vary by size and type of portfolio. Sterling's actual management fees are 50 basis points annually or less.
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. The dispersion is not meaningful because less than six portfolios are in the composite. 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.



Stock Market Rallies in Months Prior to Elections Tend to Favor Incumbents



S01638A

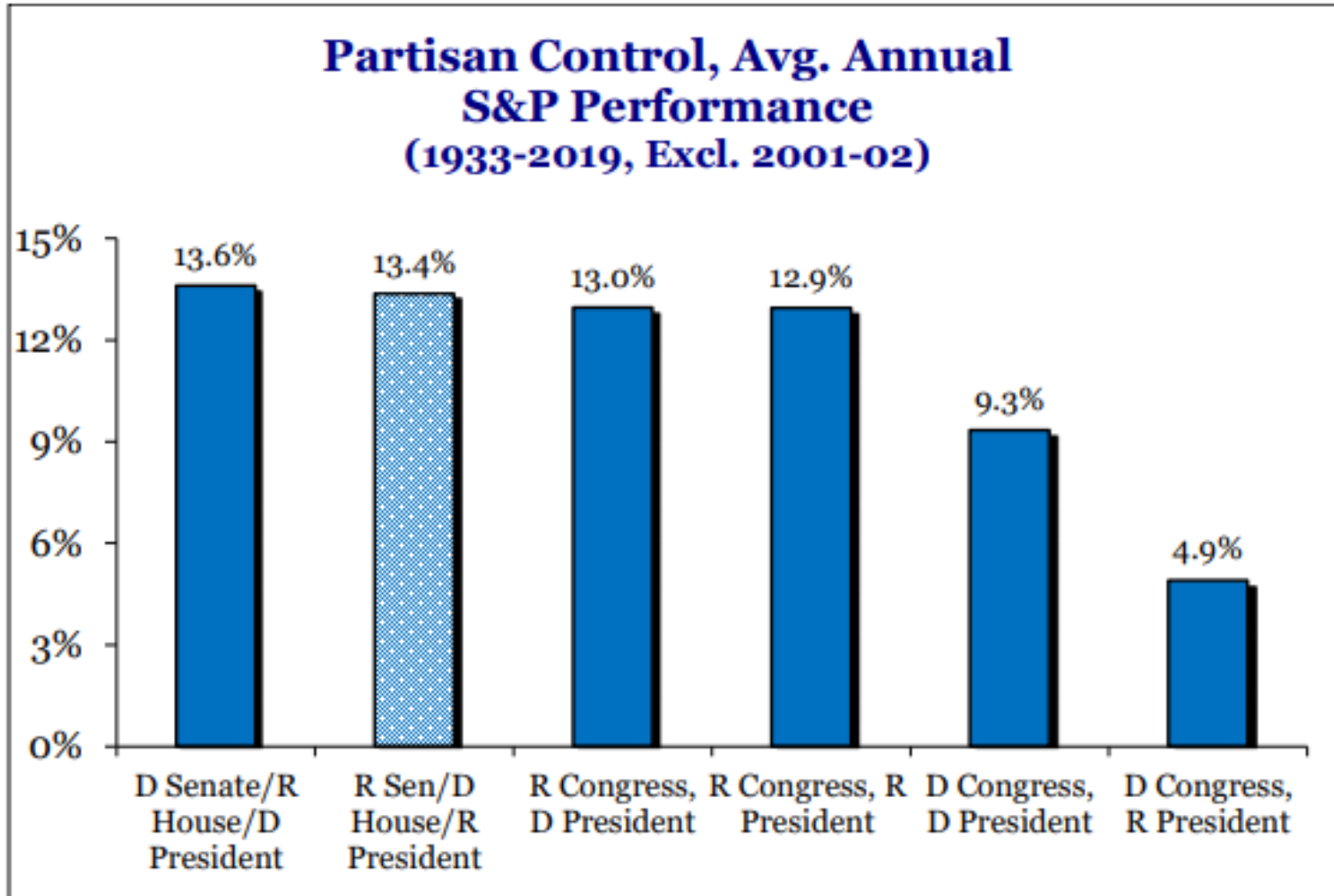


© Copyright 2020 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html
For data vendor disclaimers refer to www.ndr.com/vendorinfo/

Source: Ned Davis Research. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.



November 3 Will Be Getting a Lot of Attention Historically, Capitalism Wins Long Term



Source: Strategas Research. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.