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## 4<sup>th</sup> Quarter 2020 Market Review: Equity Income SMA

WHAT MATTERS MOST TO YOU MATTERS MOST TO US.



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## Sterling Capital Management LLC Risks & Disclosures

- *This webcast is being recorded.*
- *The material presented in this presentation is as of 12.31.2020, 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.*



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## Meet Your Speakers & Agenda

### WebEx Agenda:

- Equity Market and Macro Environment Review
- Equity Income SMA Review of Q4.2020 Performance, Activity and Positioning
- Equity Market Outlook
- Q&A



**George F. Shipp, CFA®**  
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



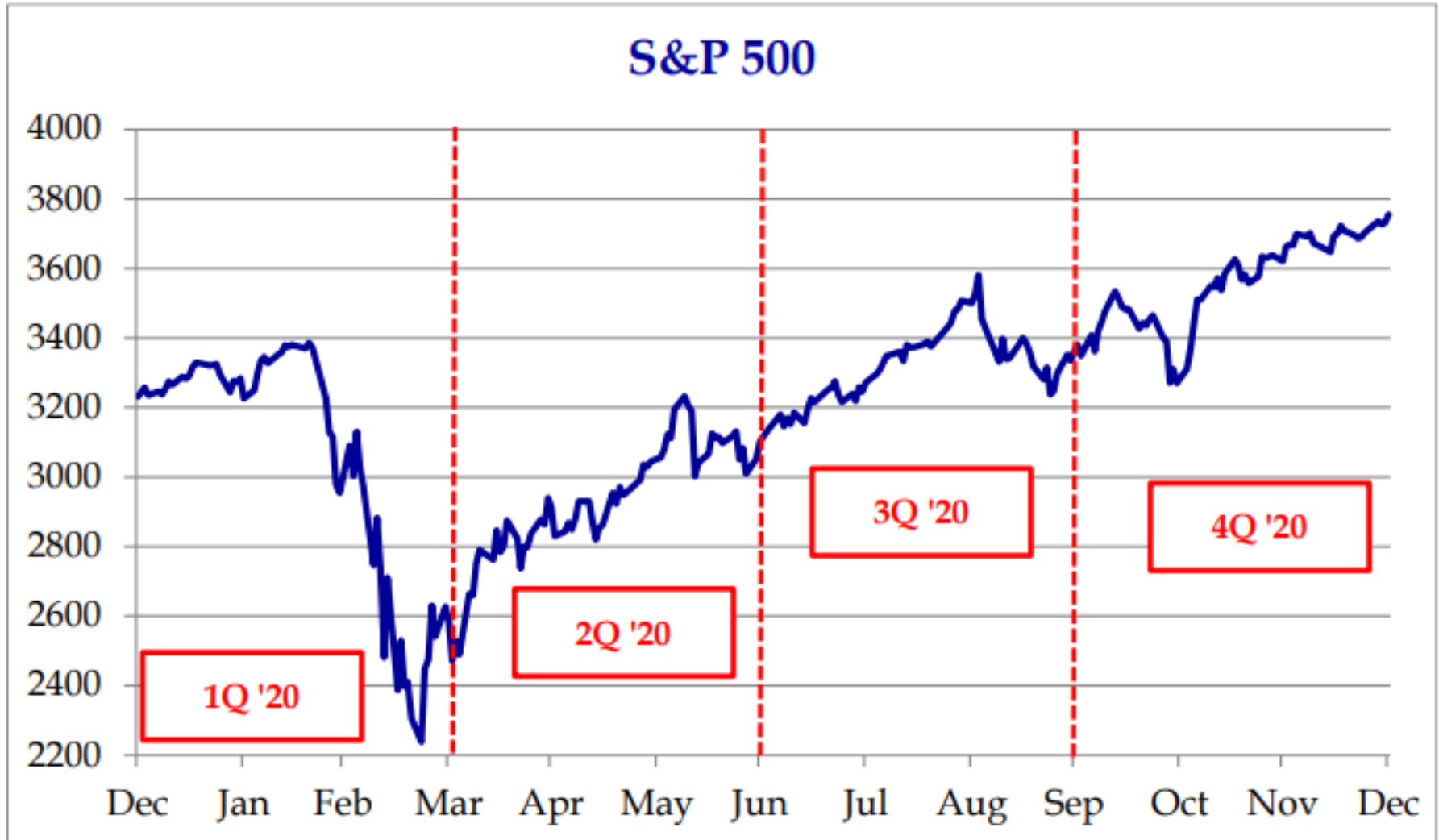
**Whitney L. Stewart, CFA®**  
Executive Director  
Client Portfolio Manager

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Large Cap Stocks +18.4% in 2020,  
+12.1% 4Q20



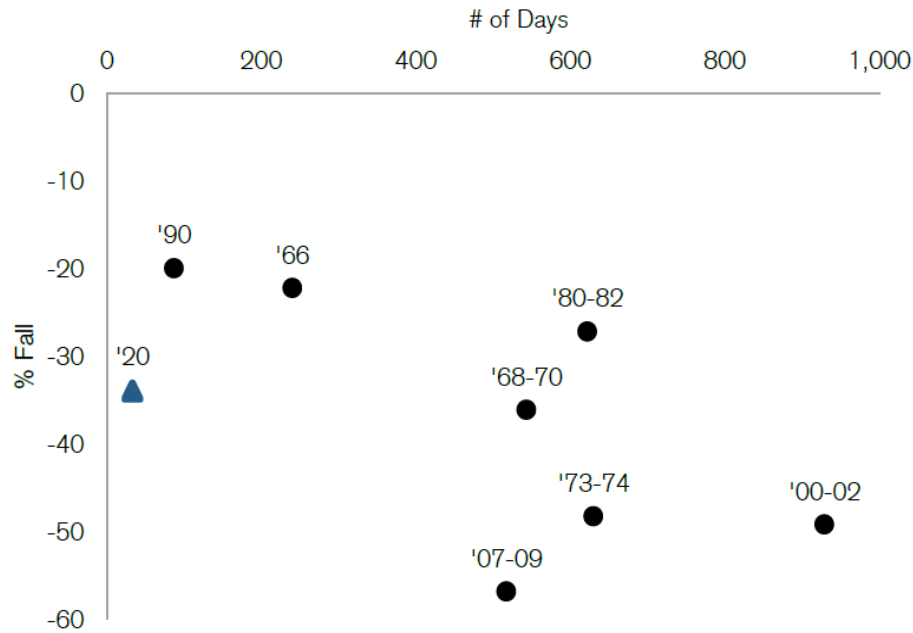
Source: Strategas Research. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods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

Past performance is not indicative of future results.



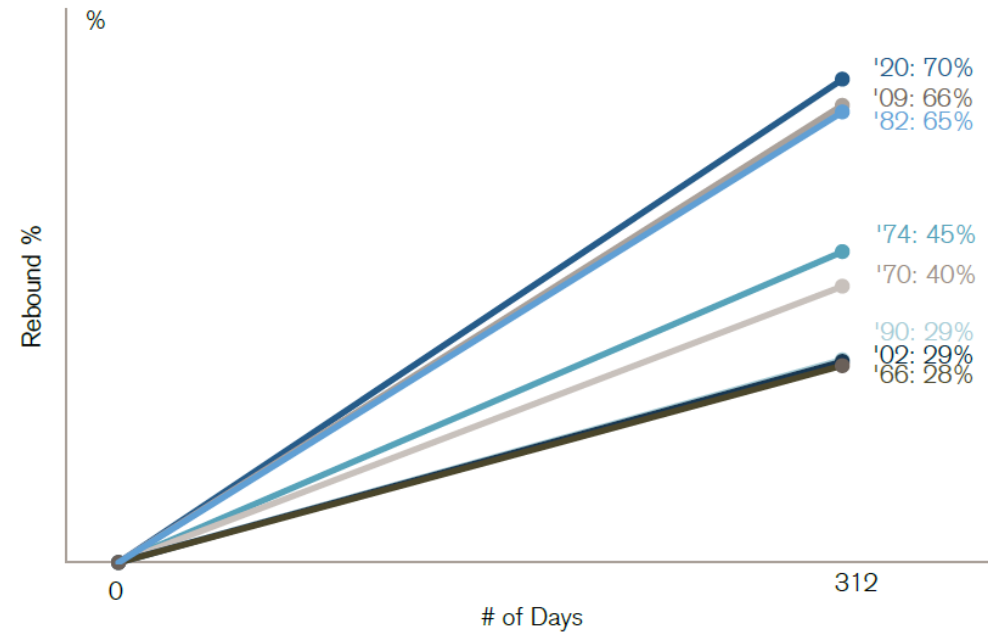
# The Fastest-Ever Decline The Largest-Ever Rebound

## Peak to Trough Market Declines around Recessions



Note: Price return

## Market Rebound 312 Days post Recessionary Trough



Note: Price return

Source: Standard & Poor's, Haver Analytics®, Credit Suisse. 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.

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## Stay Invested!

2020 Daily Volatility Only Exceeded in 2008

Russell 1000<sup>®</sup> Value Index + 2.80%

S&P 500<sup>®</sup> Index +18.40%

Best Five Trading Days +43.95%  
All Other Days (-40.03)%

Best Five Days +44.08%  
All Other Days (-21.69)%

3/24	+9.92%
3/13	9.05
4/6	6.55
3/26	6.35
3/17	5.98

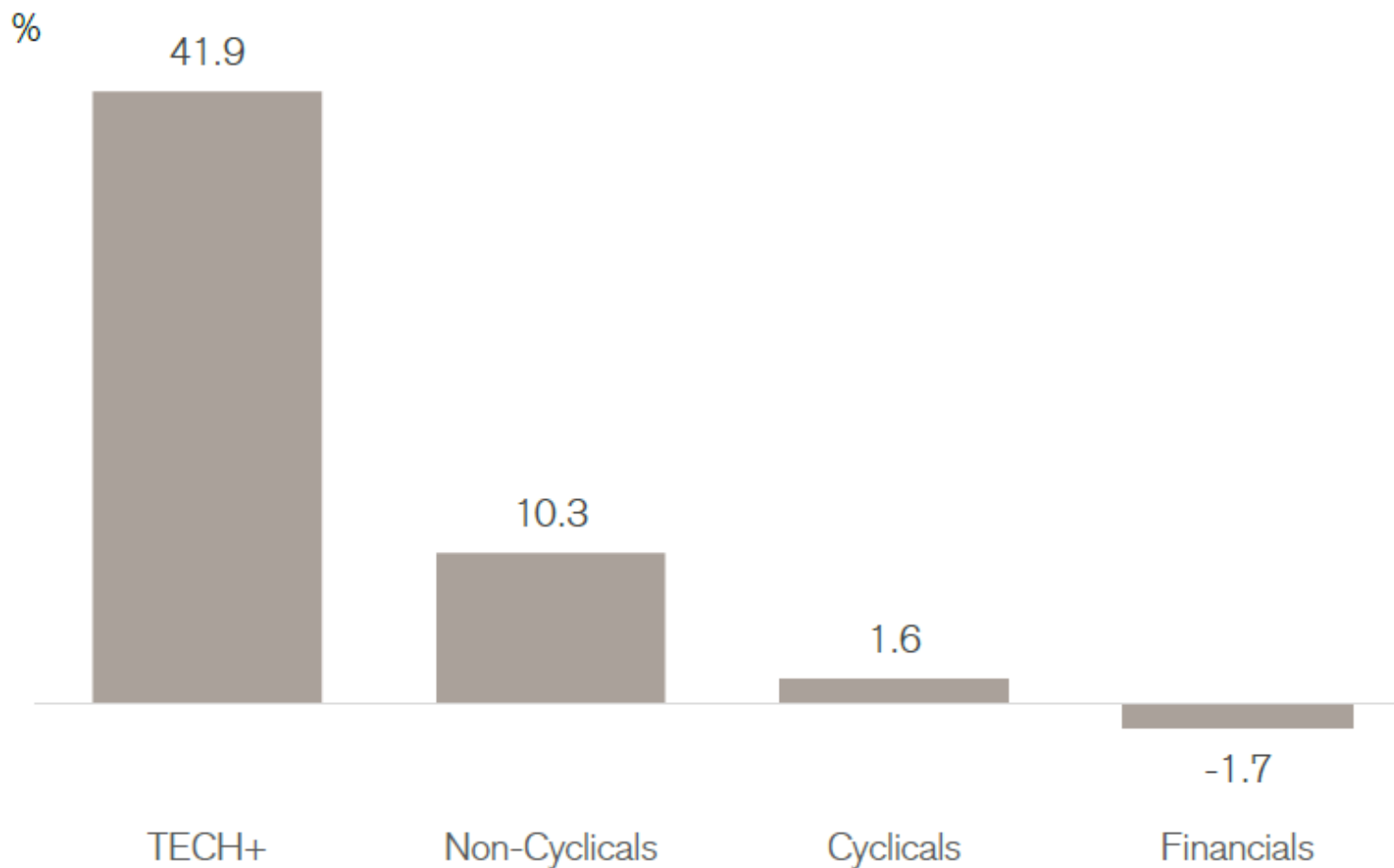
3/24	+9.38%
3/13	9.29
4/6	7.03
3/26	6.24
3/17	6.00

*Source: Bloomberg Data. 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 – 2020



Source: Standard & Poor's, FactSet, Credit Suisse. 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.

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# Historic Style and Size Divergences

## Russell Cap-Weighted Total-Return Indices

09/30/2020 to 12/31/2020

	Value	Blend	Growth
Large	14.15%	11.63%	9.82%
Mid	20.43%	19.91%	19.02%
Small	33.36%	31.37%	29.61%

## Russell Cap-Weighted Total-Return Indices

12/31/2019 to 12/31/2020

	Value	Blend	Growth
Large	1.64%	22.37%	39.34%
Mid	4.96%	17.10%	35.59%
Small	4.63%	19.96%	34.63%

## Russell Cap-Weighted Total-Return Indices

12/31/2020 to 02/04/2021

	Value	Blend	Growth
Large	2.63%	3.22%	3.66%
Mid	4.32%	4.46%	4.71%
Small	10.93%	11.57%	12.16%

## Russell Cap-Weighted Total-Return Indices

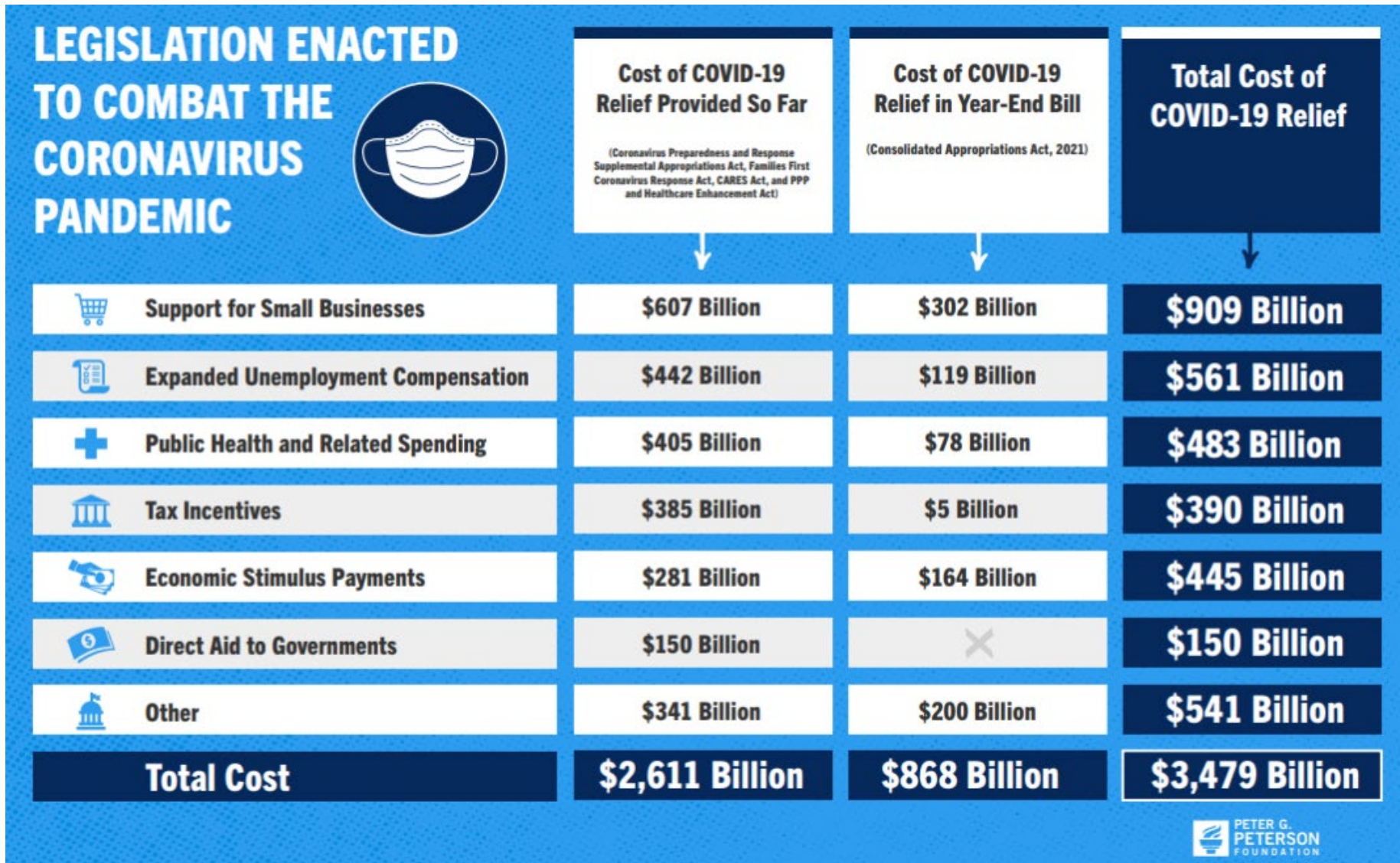
03/20/2020 to 02/04/2021

	Value	Blend	Growth
Large	53.47%	71.80%	85.40%
Mid	82.41%	91.01%	102.44%
Small	103.02%	119.57%	133.74%

Source: Ned Davis Research, Inc. 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.

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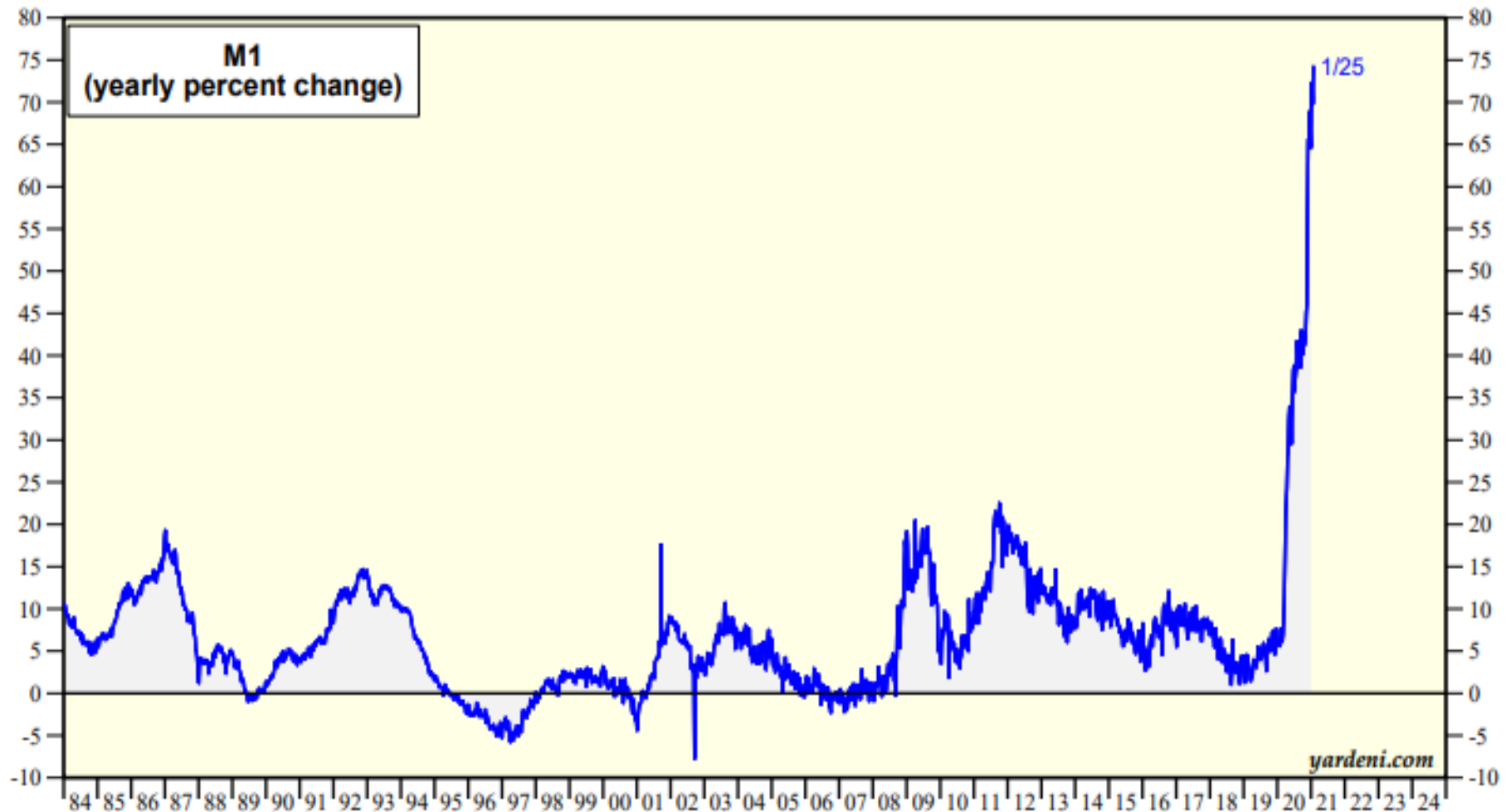




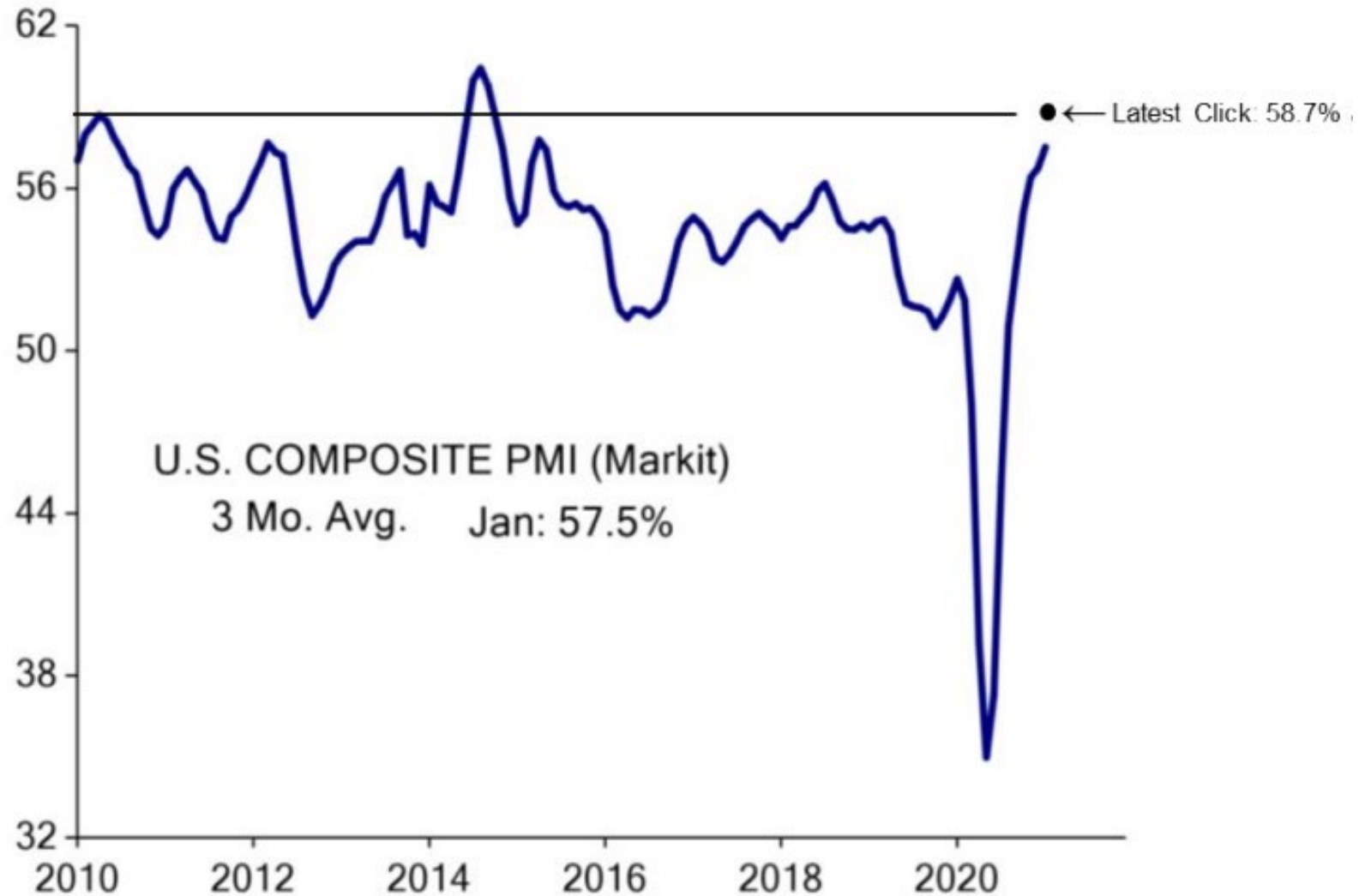


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## \$3.2 Trillion of Direct Monetary Support Set to Continue at \$120 Billion/Month

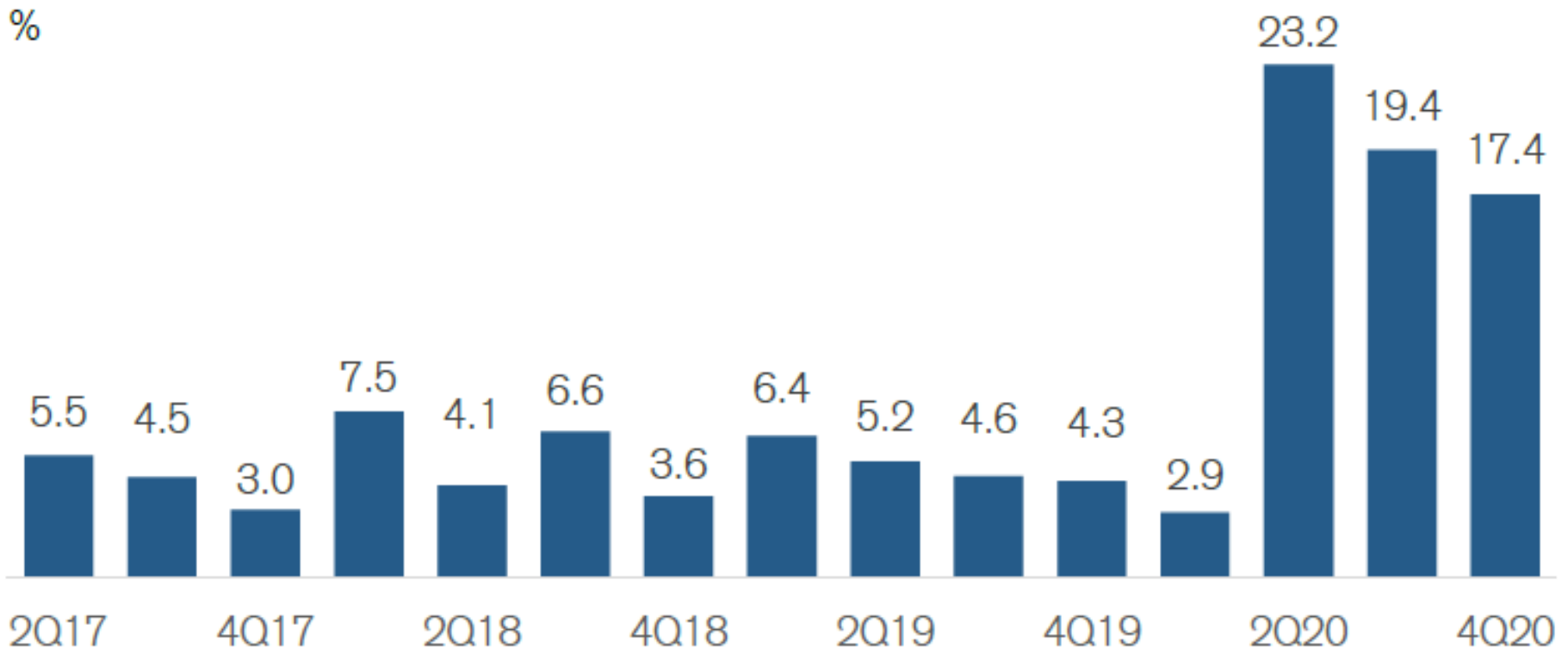


Source: yardeni.com, Board of Governors of the Federal Reserve System.

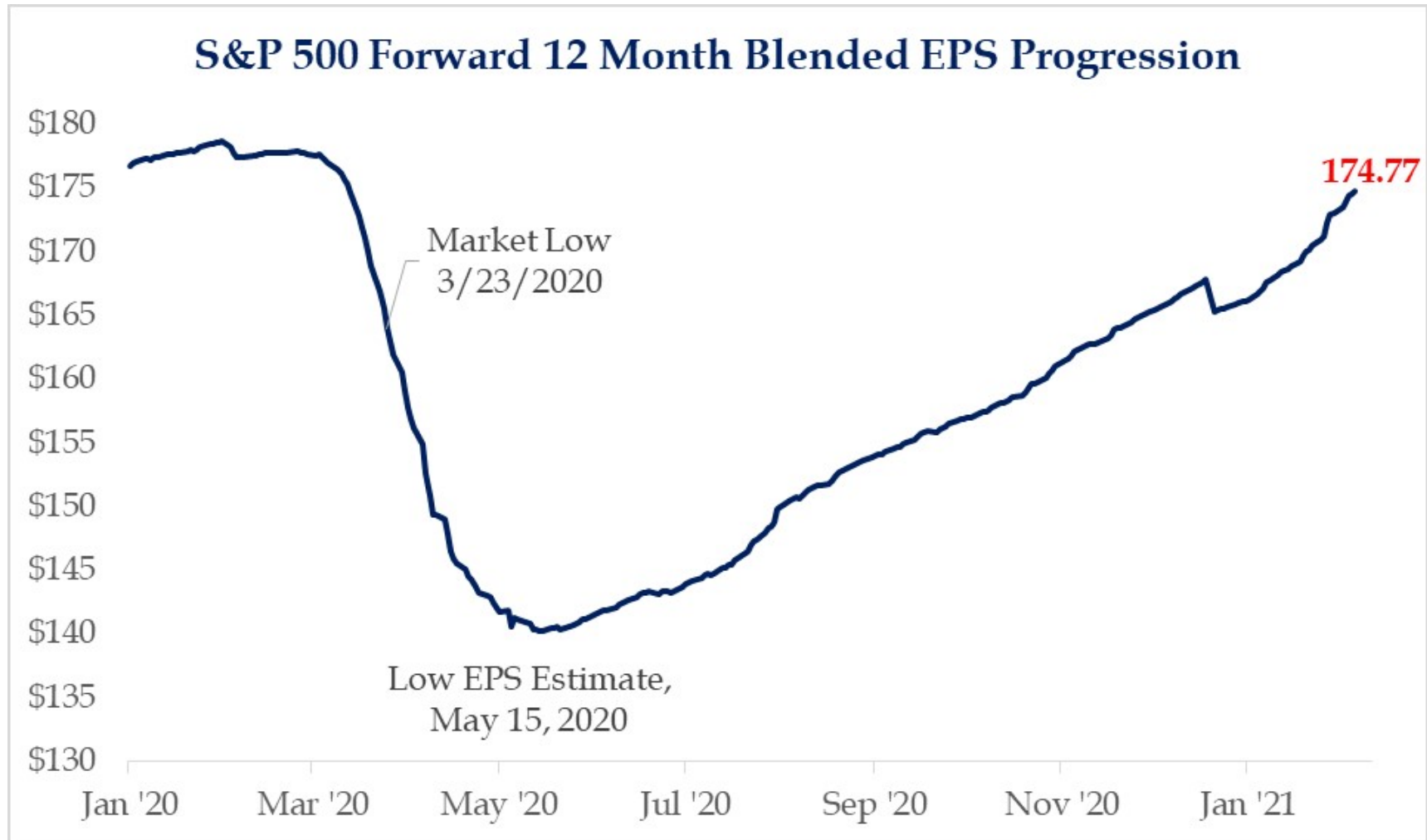




## S&P 500 EPS Surprises



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.

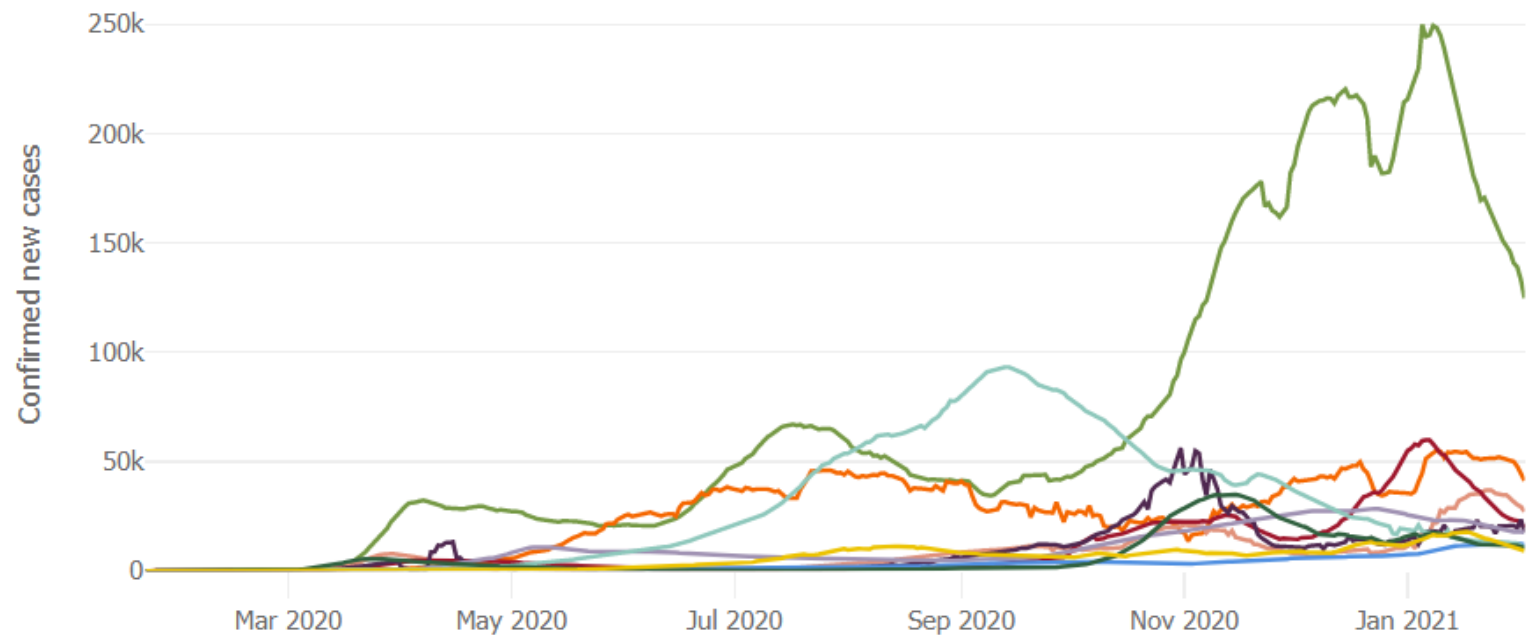


Source: Strategas Research. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods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



## DAILY CONFIRMED NEW CASES (7-DAY MOVING AVERAGE)

Outbreak evolution for the current 10 most affected countries



Click any country below to hide/show from the graph:

- |               |          |           |                |
|---------------|----------|-----------|----------------|
| United States | Brazil   | Spain     | United Kingdom |
| France        | Russia   | Indonesia | India          |
| Italy         | Colombia |           |                |



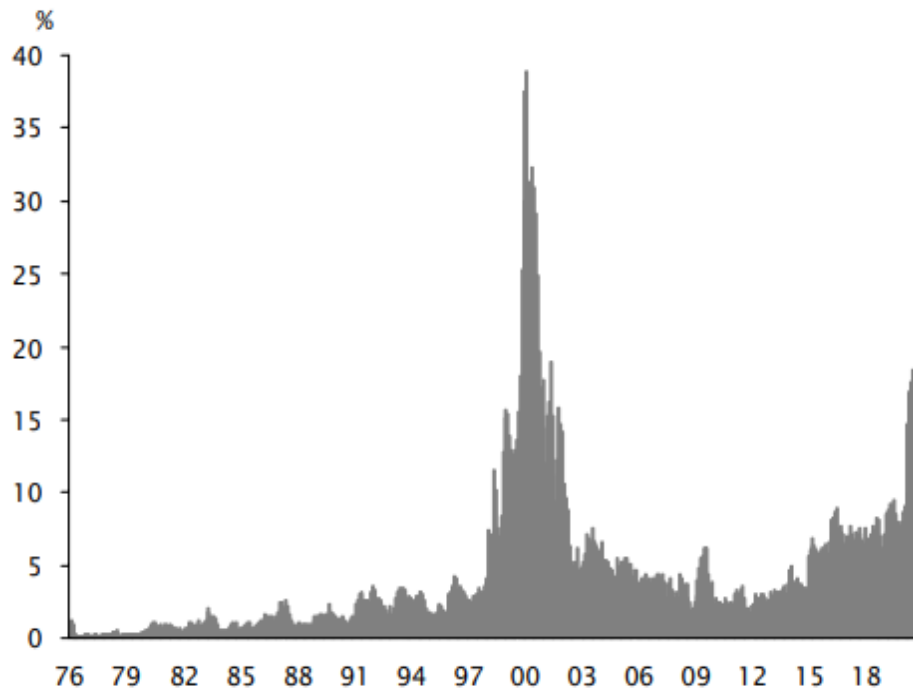
## Global Aggregate Negative Yielding Debt Market Value



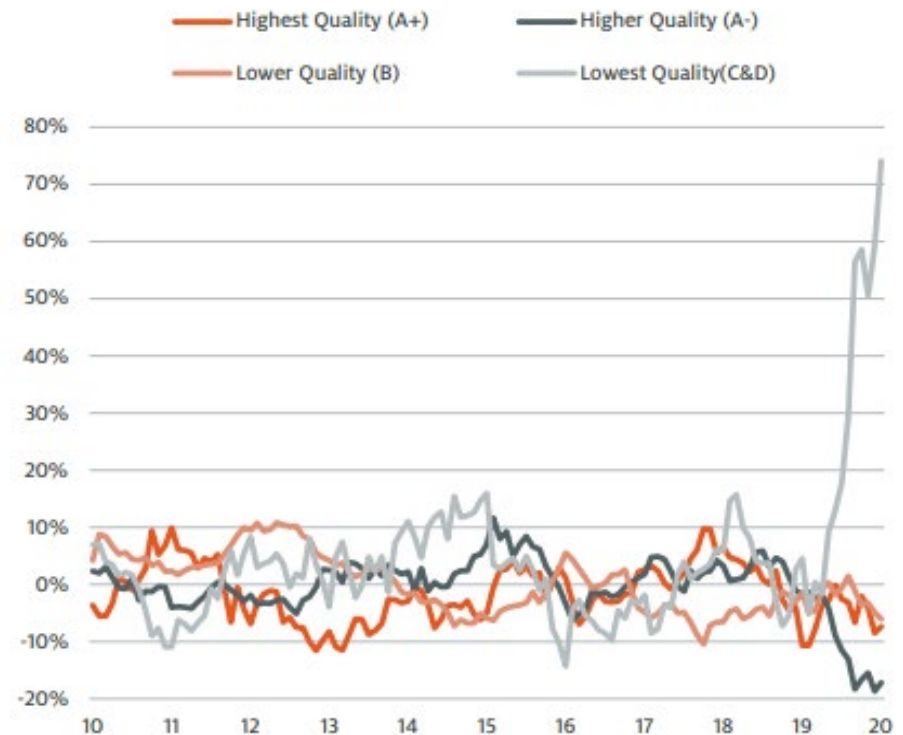




**Large-Capitalization Stocks  
Companies with Forward-P/E Ratios  
of 50 Times or Greater  
Share of Market Capitalization  
1976 Through 2020**



**Excess Return vs. Russell 3000® Index  
Trailing 12-Month Periods**



Source: I/B/E/S, FactSet Research Systems, Empirical Research Partners Analysis (left chart), Atlanta Capital (right 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.





## Most shorted stocks relative to Russell 3000 (in logs\*)



Most shorted defined as top 10% on Short interest % of market cap  
Sector absolute, equal weighted, monthly rebalance

\*in logs indicates that the percentages are based on a logarithmic scale.

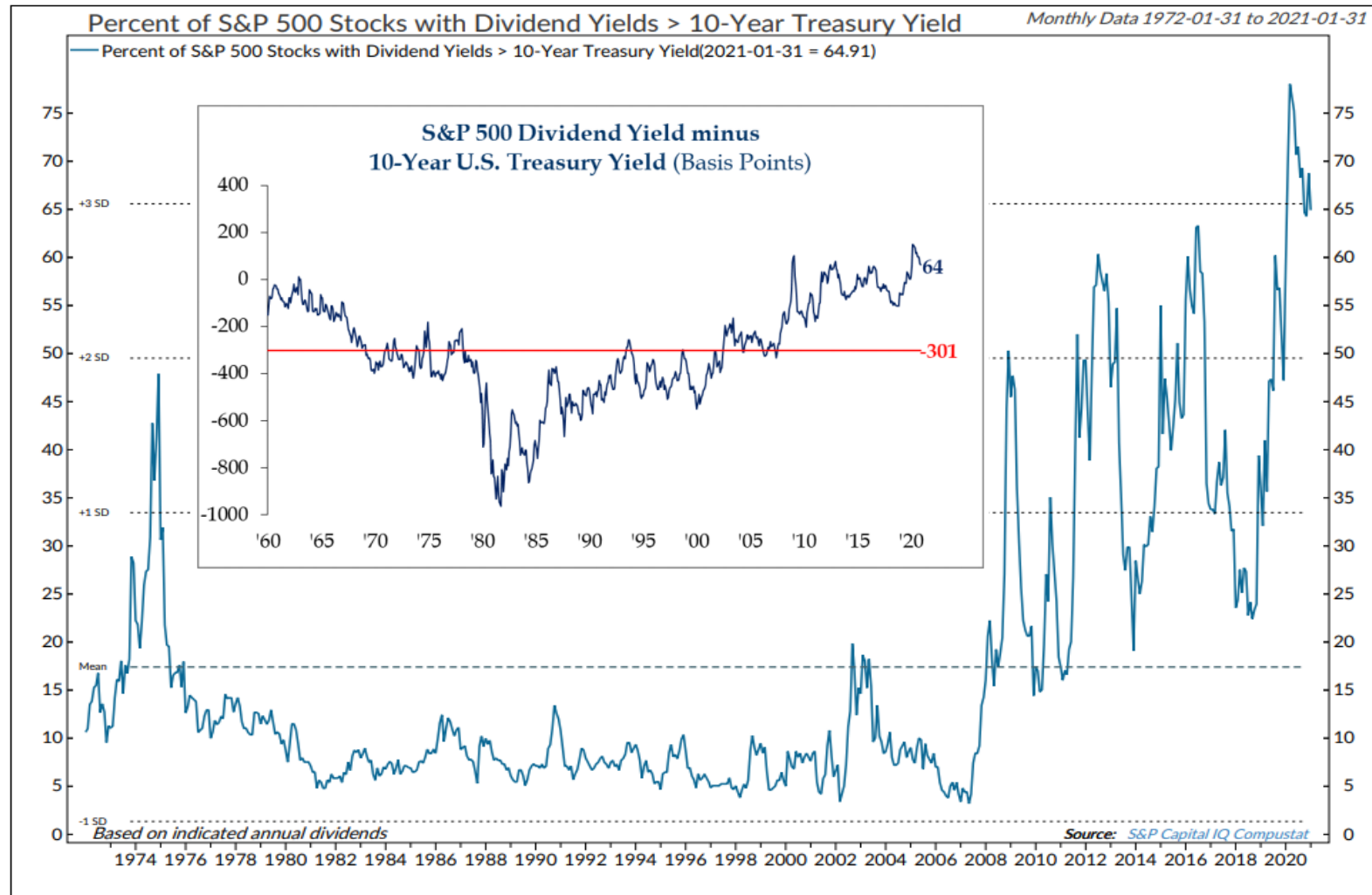
Source: Compustat, Haver, Deutsche Bank Asset Allocation, Deutsche Bank. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves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

Past performance is not indicative of future results.



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# We See Opportunities Elsewhere Specifically, in Dividend Paying Equities



5015



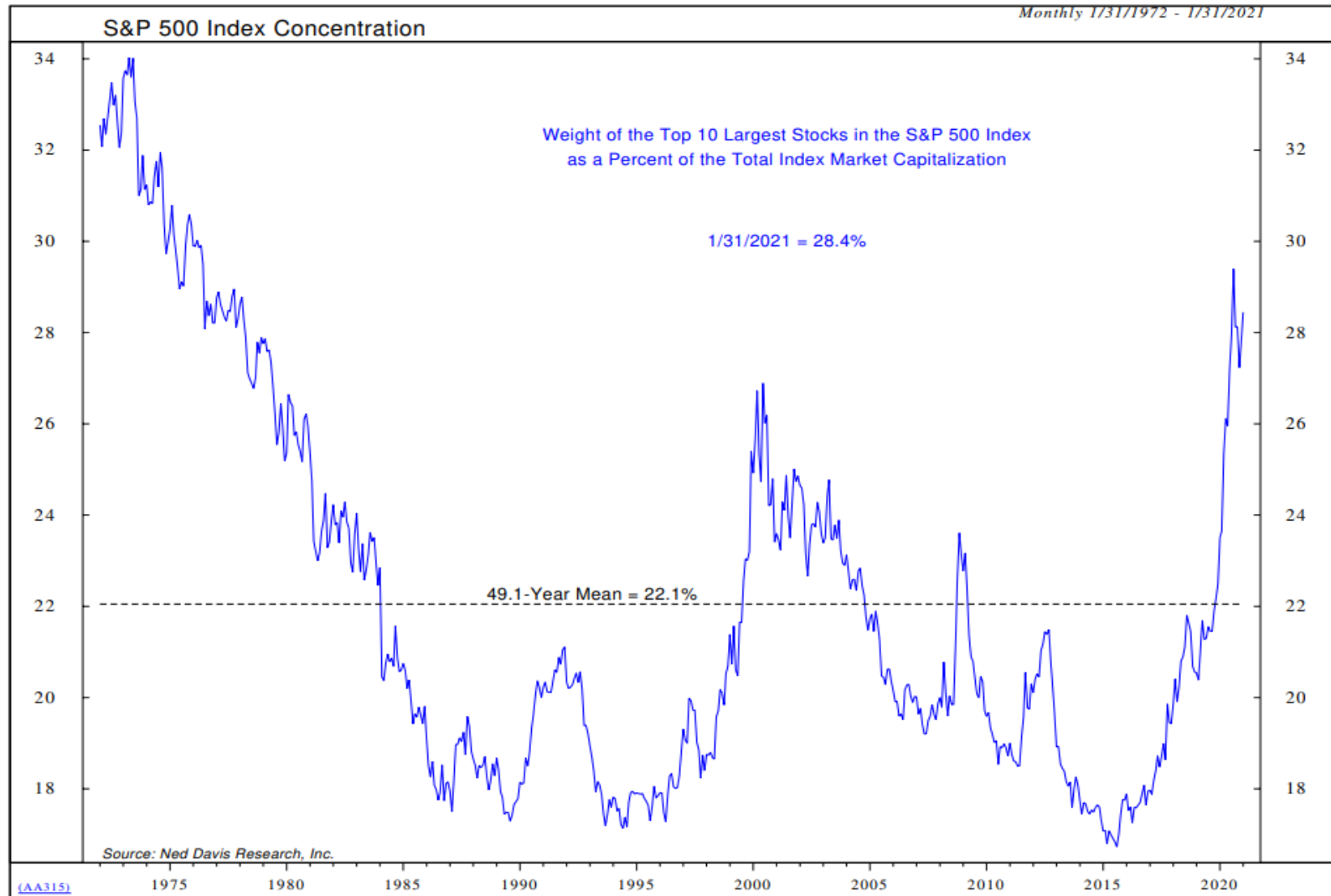
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Source: Strategas Research, Ned Davis Research, Inc. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. The views expressed represent the opinions of Sterling Capital Management.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

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## The “Average” Stock Lagged the Headline Stocks



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Source: Ned Davis Research, Inc. 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.

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## Value led following 14 of the last 14 recessions

Relative price performance of the Fama-French Value factor (High Book Value to Market Cap) vs. S&P 500 post recessions, 1929 to 2009

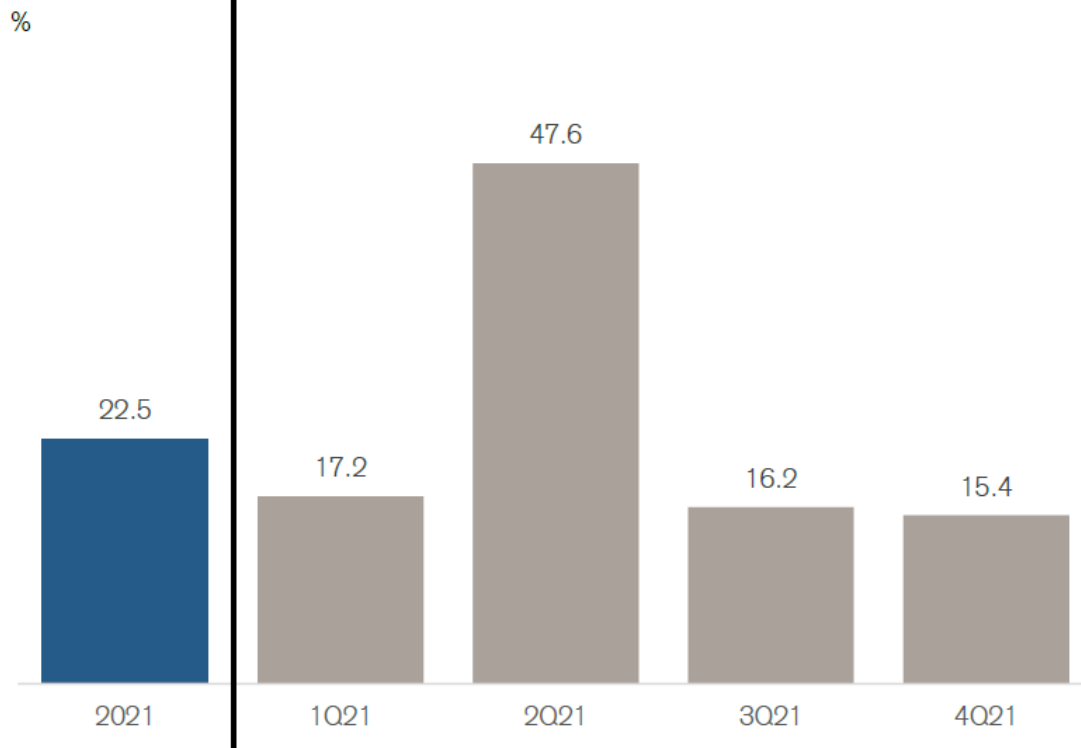
NBER Peak / Trough dates		Value vs SPX performance			
Peak	Trough	Start	End (or 12mth)	# Mth	Rel. Perf. vs SPX
August 1929	March 1933	May-32	Aug-32	3	78.3
May 1937	June 1938	May-40	Jul-41	14	33.0
February 1945	October 1945	Aug-45	Nov-45	3	11.1
November 1948	October 1949	Mar-50	Jan-51	10	29.7
July 1953	May 1954	Dec-53	Aug-55	20	25.9
August 1957	April 1958	Dec-57	Sep-59	21	39.3
April 1960	February 1961	Jun-60	May-61	11	9.8
December 1969	November 1970	Dec-69	Aug-70	8	9.0
November 1973	March 1975	Nov-74	Feb-76	15	38.2
January 1980	July 1980	Nov-80	Sep-82	22	45.1
July 1981	November 1982	Jun-83	Nov-84	17	23.0
July 1990	March 1991	Dec-91	Jun-92	6	18.1
March 2001	November 2001	Oct-01	Jun-02	8	10.3
December 2007	June 2009	Feb-09	Apr-10	14	25.9

Source: BofA US Equity and Quant Strategy, FactSet. 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.

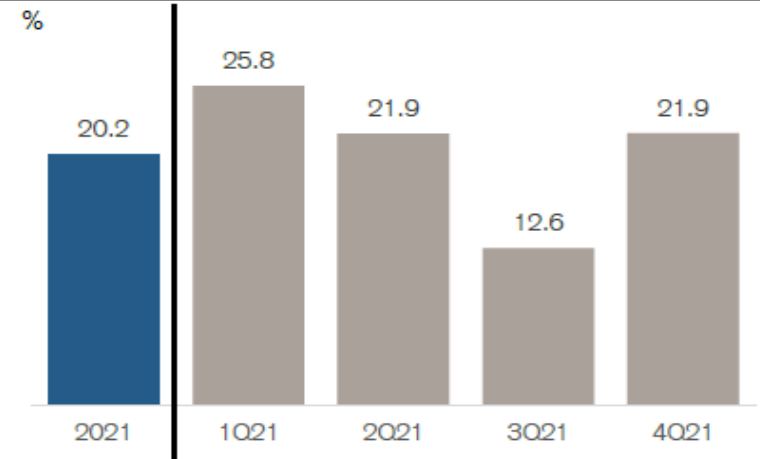


## Relative Earnings Growth May Favor “Value”

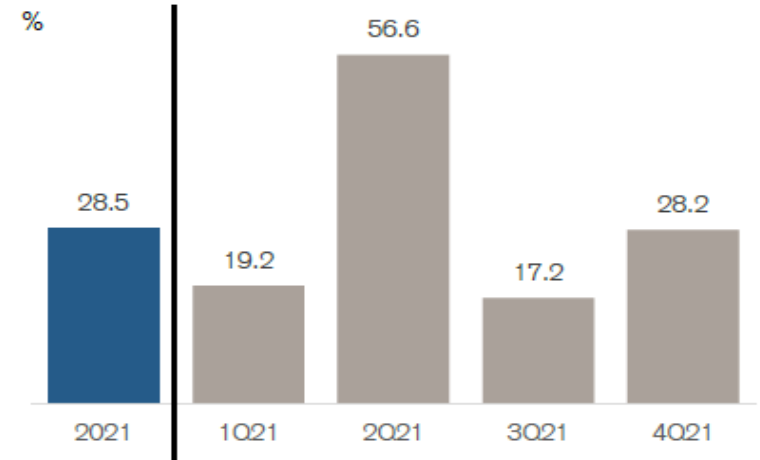
**S&P 500 Consensus EPS Growth: [2021](#)**



**[Russell 1000 Growth](#) Consensus EPS Growth: [2021](#)**



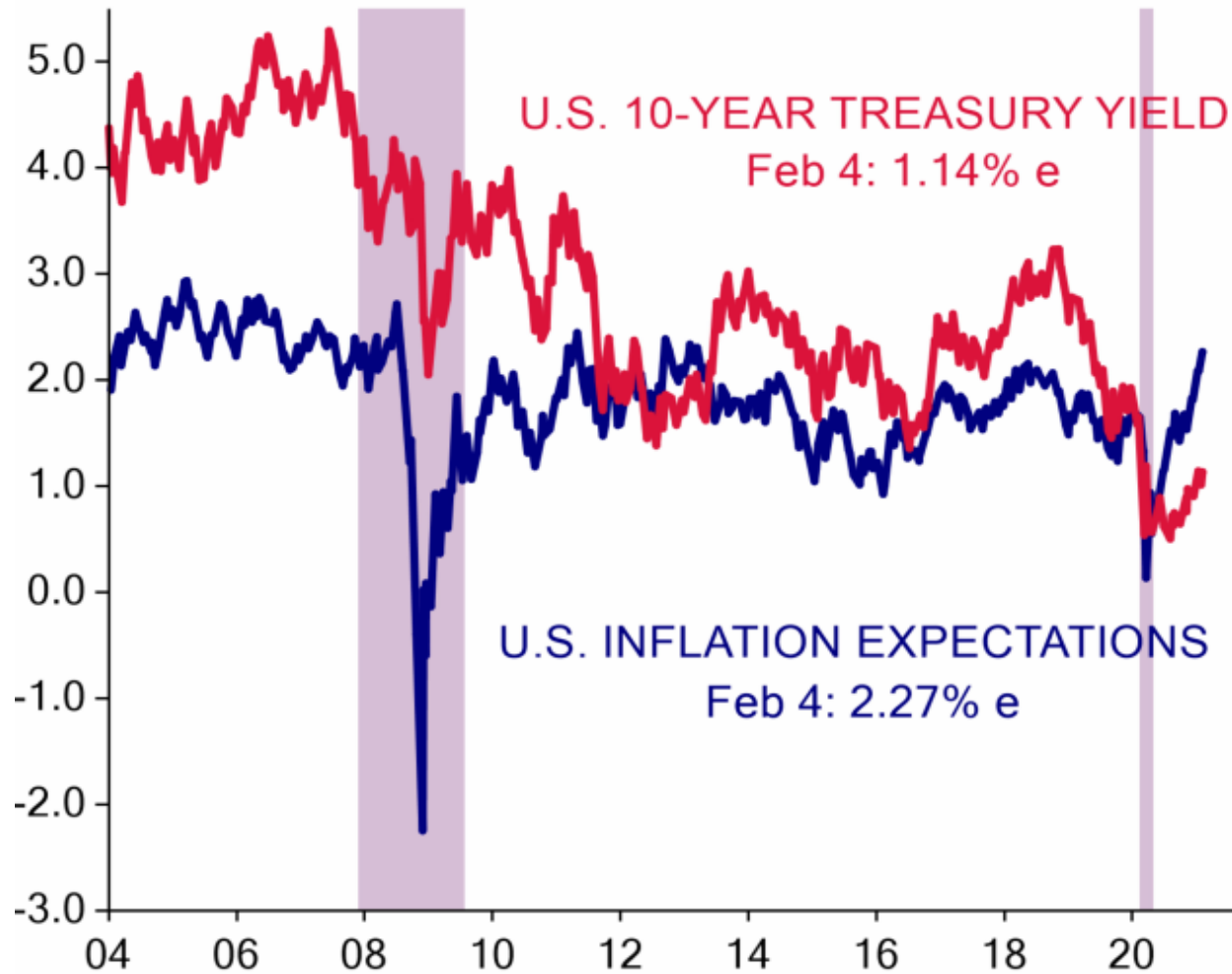
**[Russell 1000 Value](#) Consensus EPS Growth: [2021](#)**



Source: Standard and Poor's, Thomson Financial, FactSet, Russell, 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.



## Inflation Expectations Increased



Source: Evercore ISI. 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.

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## As Economic Fundamentals Improved, the Yield Curve Steepened

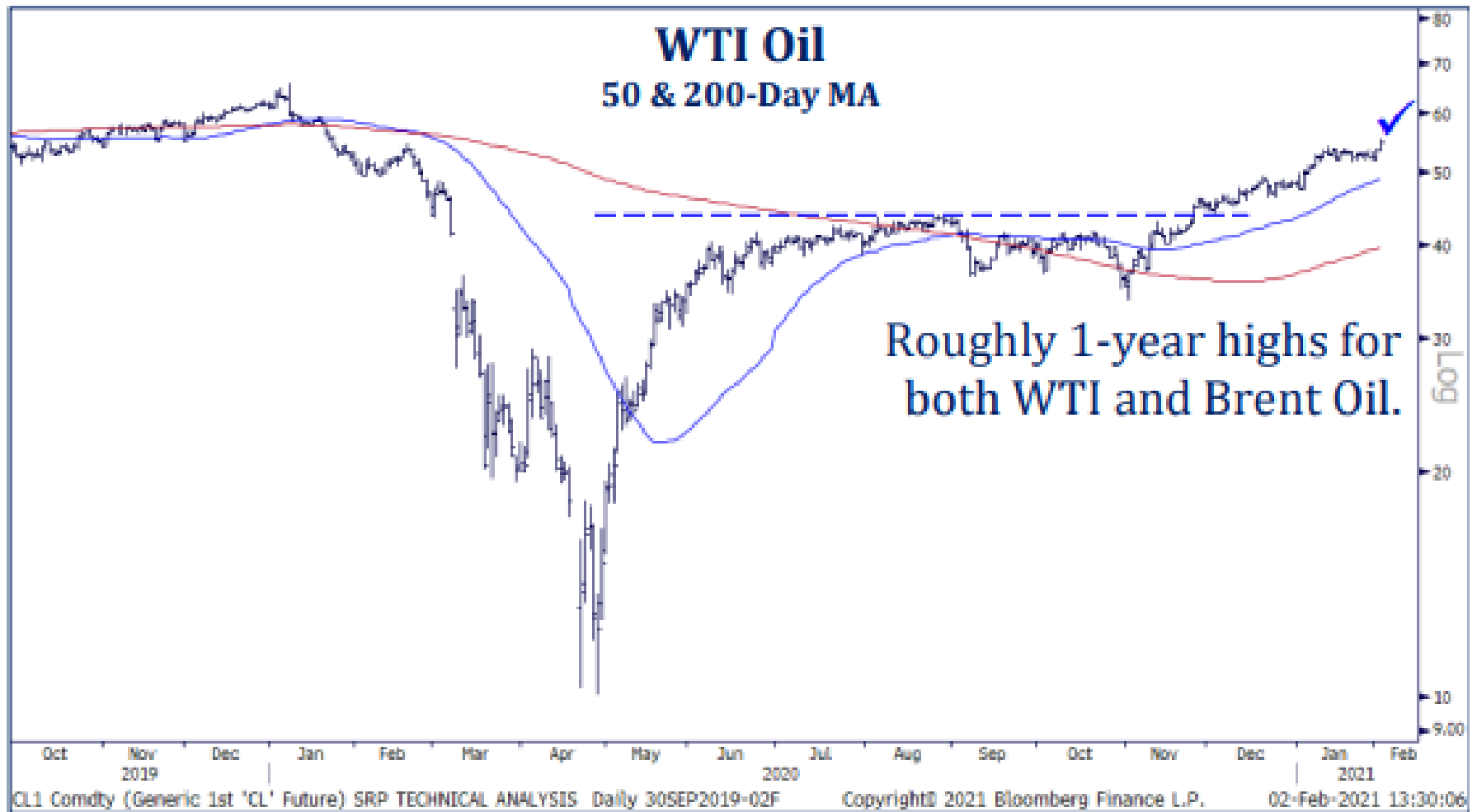


Source: Bloomberg Finance L.P. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.

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## And, Commodity Markets Rallied



Source: Bloomberg Finance L.P. 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.

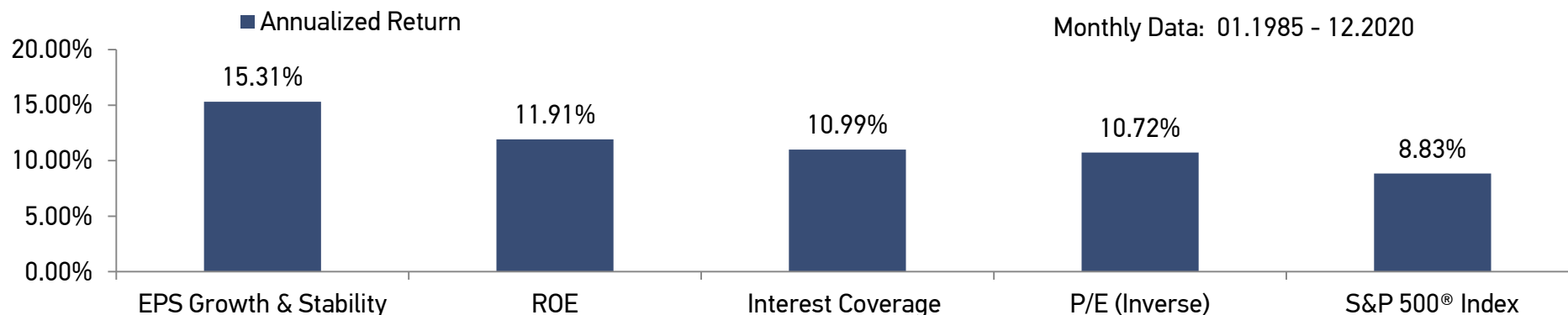
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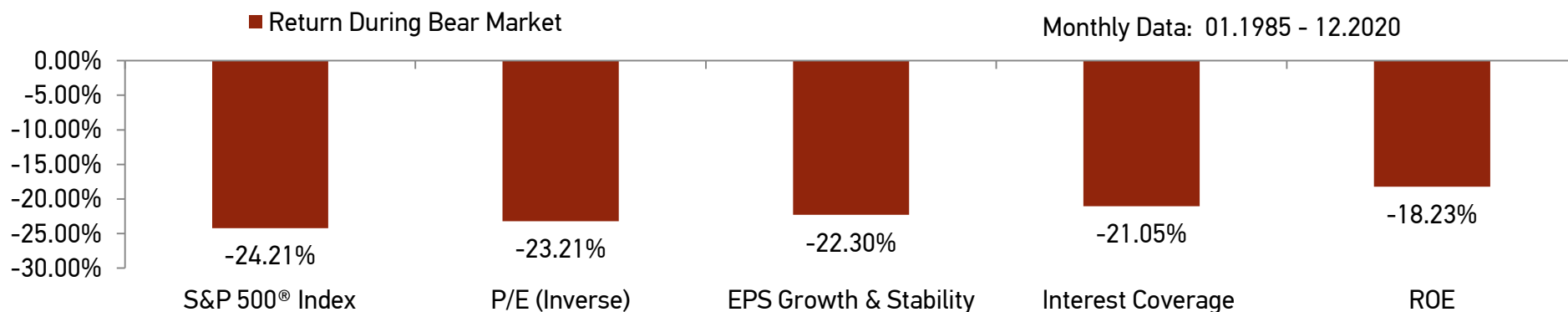


The Equity Opportunities Group seeks capital appreciation and risk reduction by constructing portfolios with attractive valuations, operating growth, high profitability and strong balance sheets

## 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



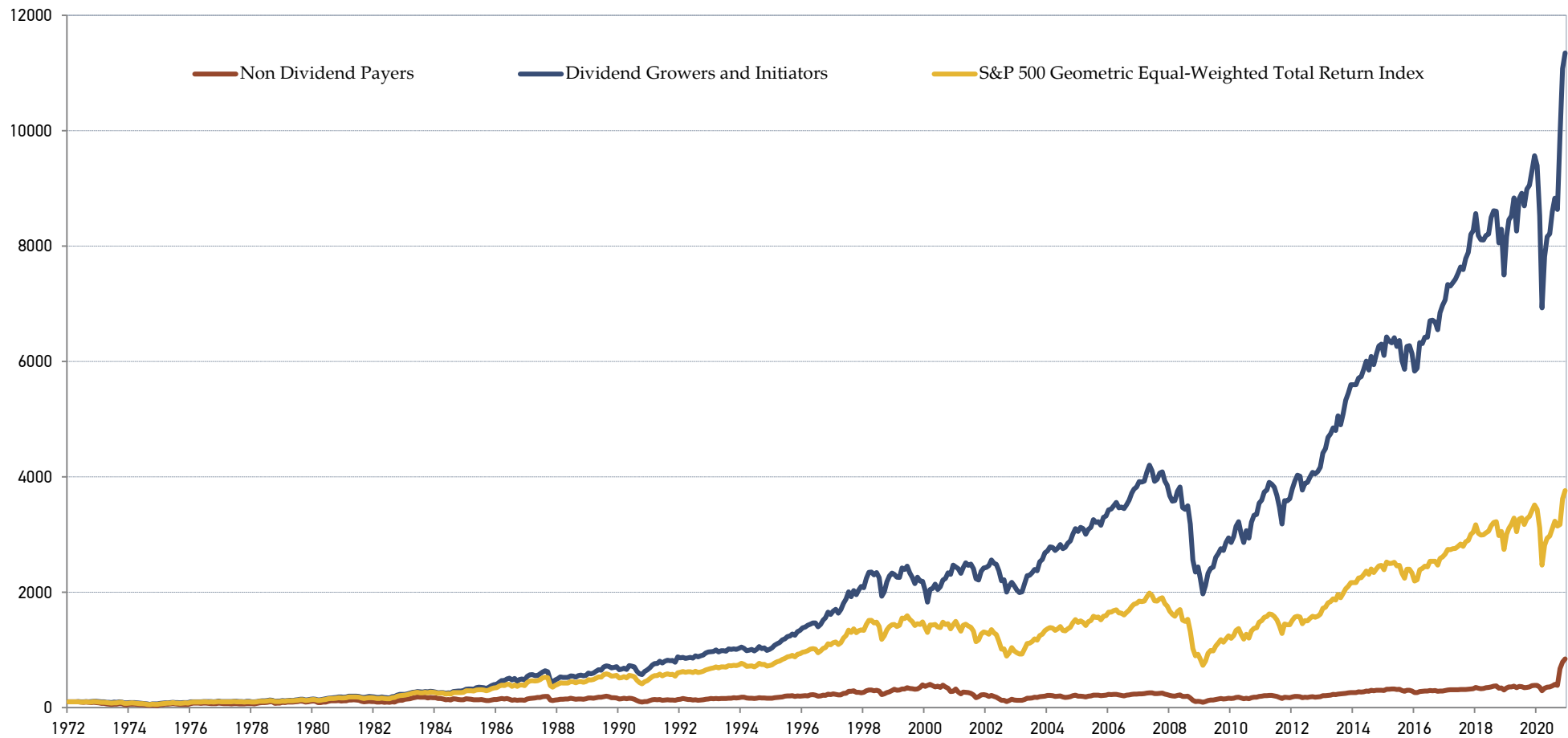
As of 12.31.2020. Source: Ned Davis Research, S&P Dow Jones Indices. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.

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# Dividend Growers Have Outperformed Over Time

## Returns of S&P 500 Stocks by Dividend Policy Monthly Data 01.31.1972 – 12.31.2020



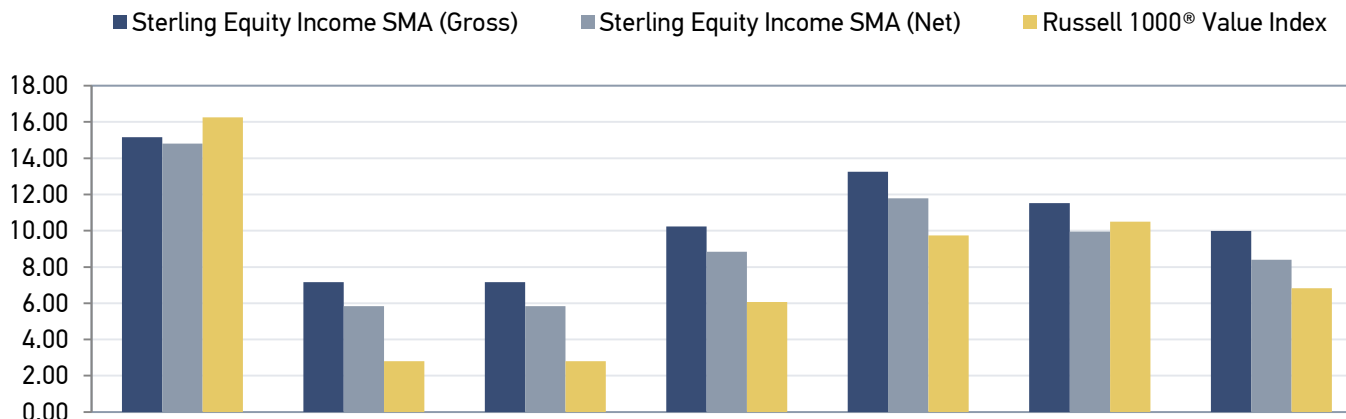
Source: Ned Davis Research, Inc.

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



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# 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)	15.16%	7.17%	7.17%	10.23%	13.26%	11.53%	9.99%
Sterling (Net)	14.81%	5.84%	5.84%	8.84%	11.79%	9.95%	8.40%
Russell 1000® Value	16.25%	2.80%	2.80%	6.07%	9.74%	10.50%	6.82%

\*Inception date is 12.31.2000. Data as of 12.31.2020. Source: Russell Investments, Sterling Capital Management Analytics.

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.

**Past performance is not indicative of future results.**



### Q4 Top Five Performers:

- Discover Financial Services
- Chubb Limited
- Analog Devices
- Honeywell International
- Citigroup Inc.

### Q4 Bottom Five Performers:

- Home Depot, Inc.
- Merck & Co., Inc.
- Abbott Laboratories
- Crown Castle International
- Microsoft Corporation

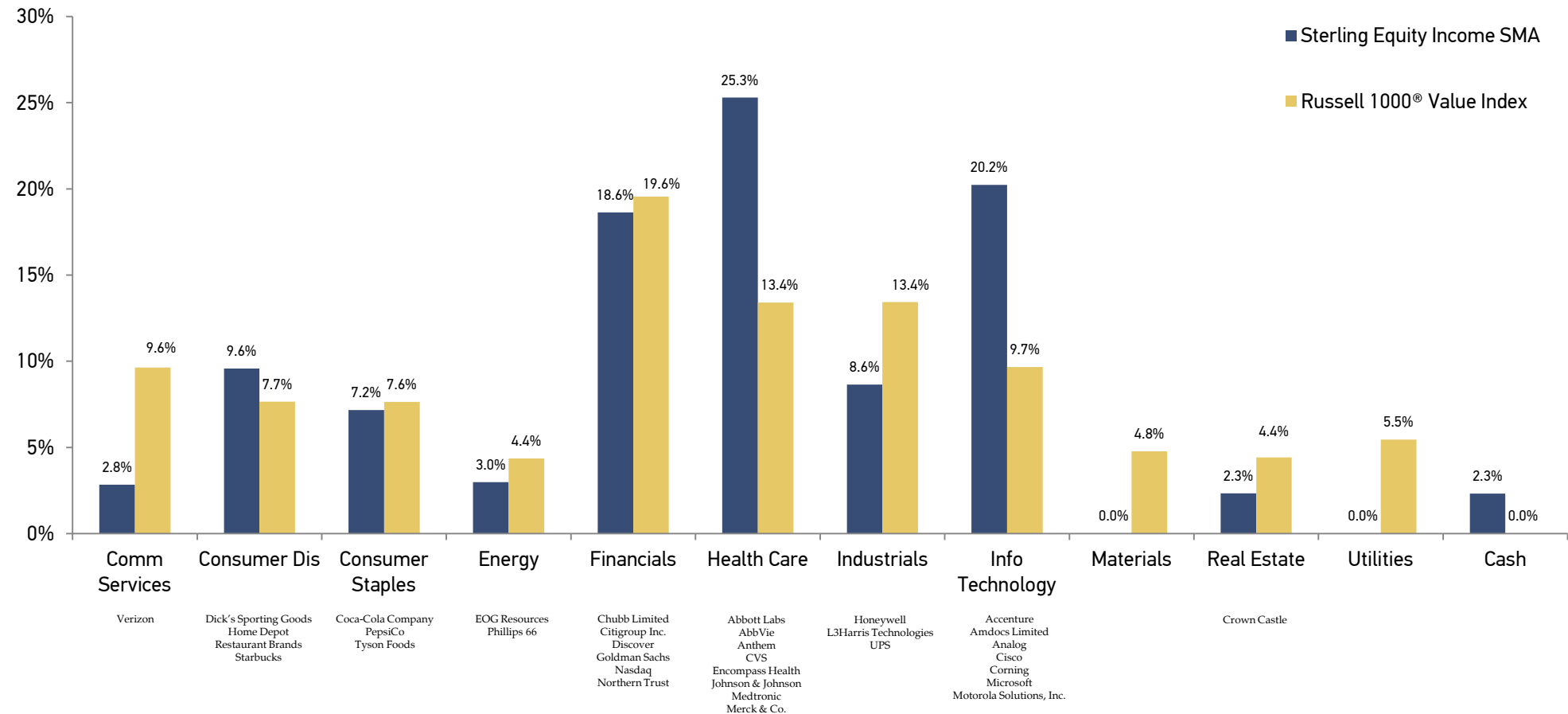
*Data as of 12.31.2020. The top/bottom performers are based on quarterly attribution to return. Specific securities identified and described do not represent all of the securities purchased, sold or recommended to clients. There are no assurances that securities identified will be profitable investments. The securities described are neither a recommendation nor a solicitation.*



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# Equity Income SMA Positioning Overweight Healthcare and Technology

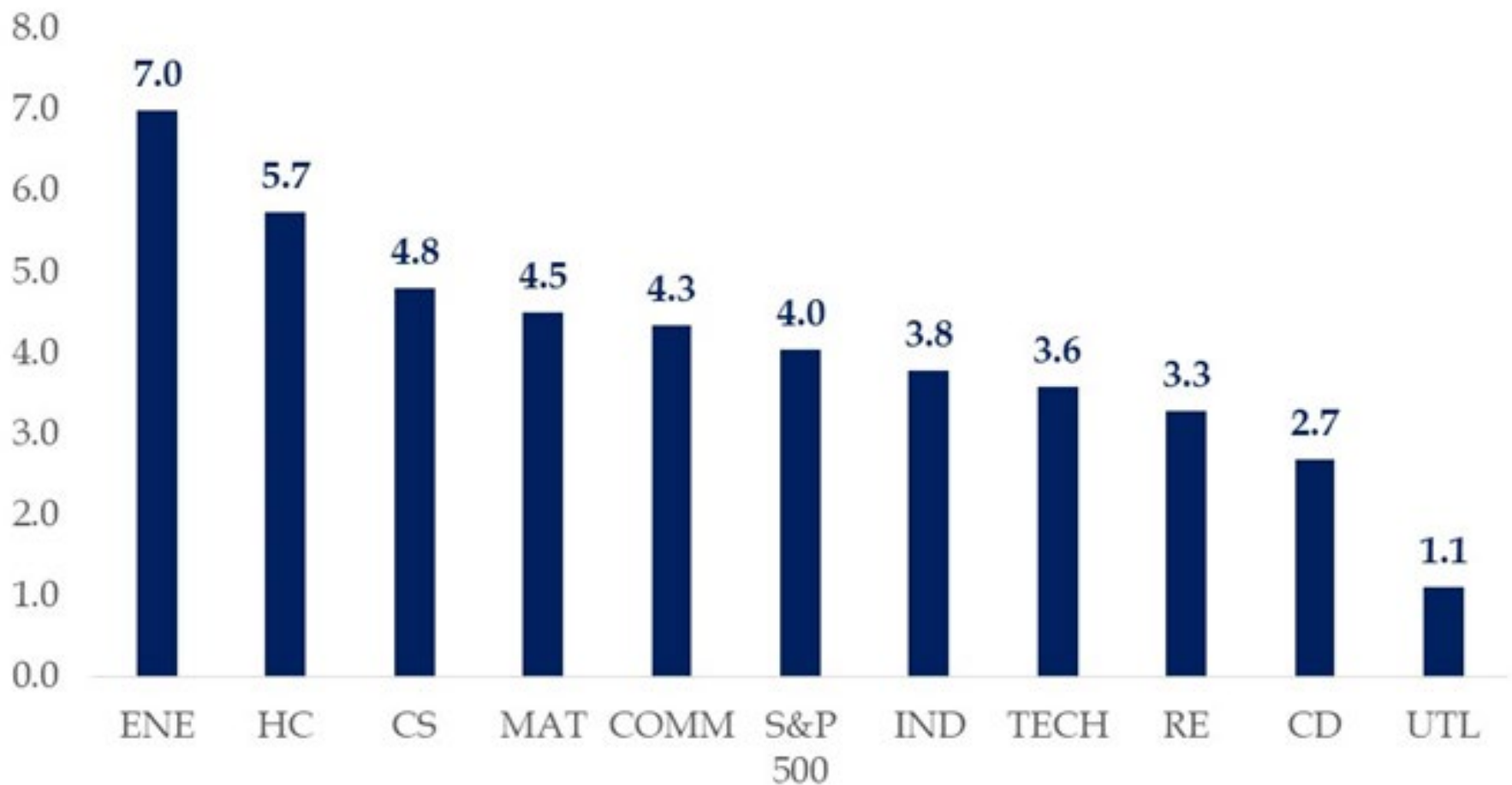
## Sterling Equity Income SMA



Data as of 12.31.2020. 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.



## 2021 Estimated FCF Yield By Sector (%)

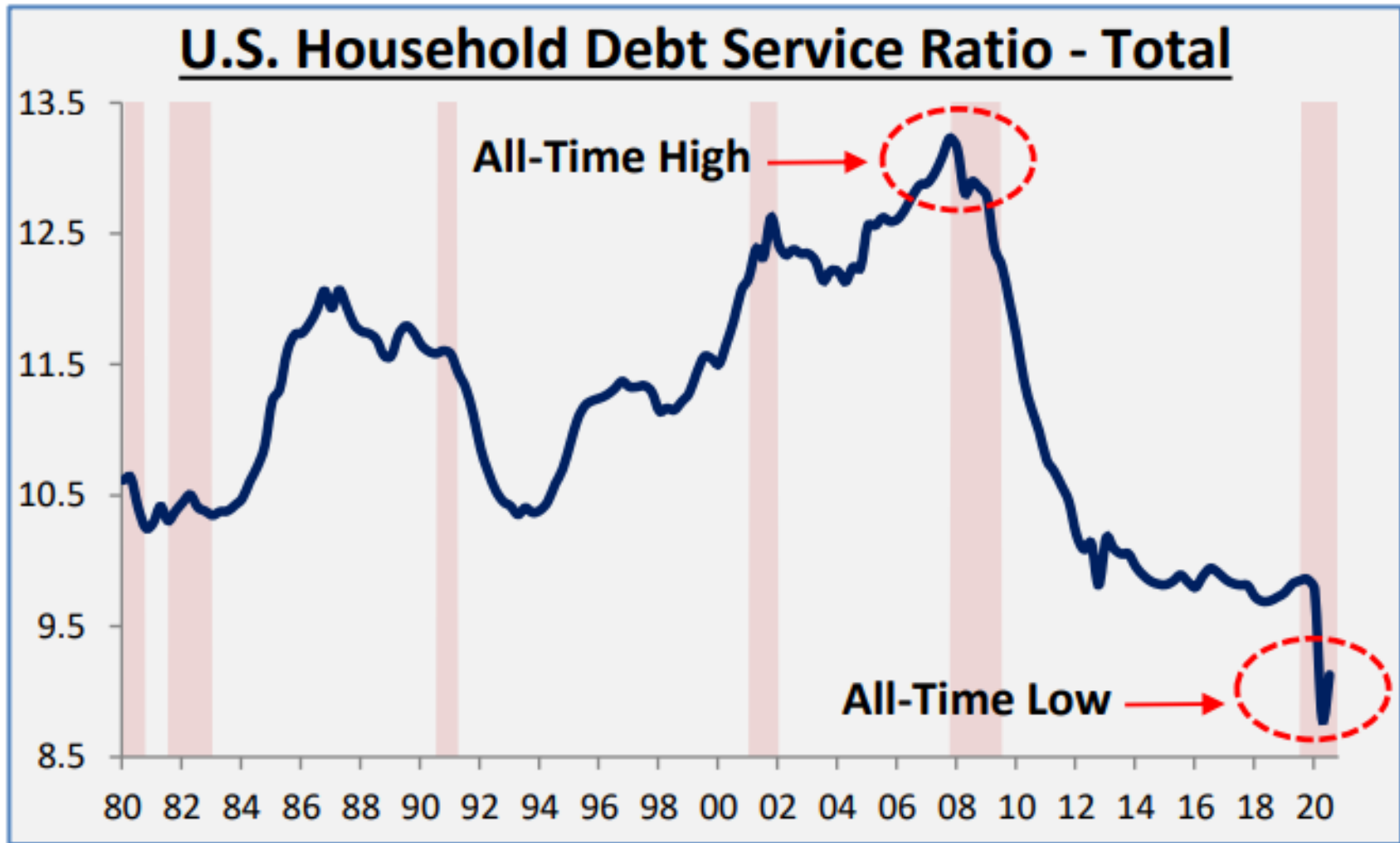


Source: Strategas Research. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.



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Thanks to Low Rates and Relief Payments  
“The Consumer” – in the Aggregate – Is in Good Shape



Source: Wolfe 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.



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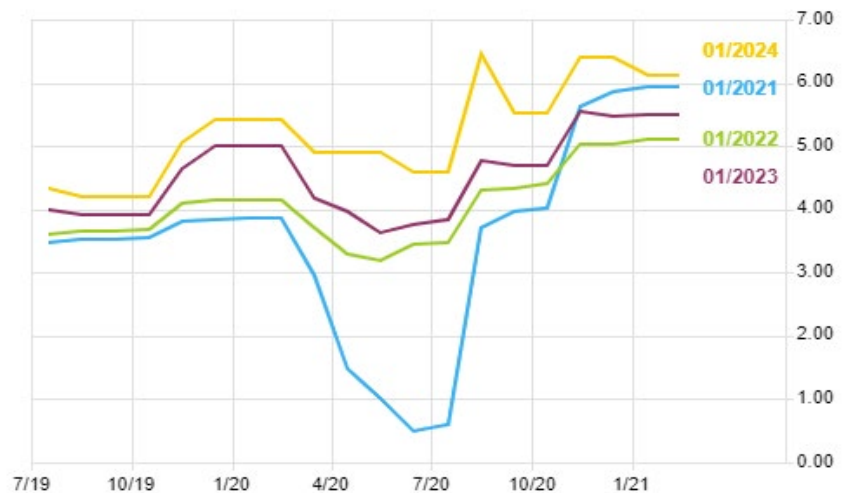
# Added Dick's Sporting Goods in 4Q Share Leader in Large Category

- Fast and successful pivot to digital
- eCommerce sales +95% in 3Q
- 3Q earnings +287%
- \$1.1 billion cash, no net borrowings
  - (ex store leases)
- 2.4% yield at purchase
  - Dividend +107% in four years
- 20% return on equity (ROE)
- Cost < 10x FY21 earnings per share (EPS) estimates
- Risks include “tough comparisons”



**WE ARE THE LARGEST OMNI-CHANNEL  
FULL-LINE SPORTING GOODS RETAILER IN  
THE U.S.**

EPS Consensus Trend



Source: FactSet.

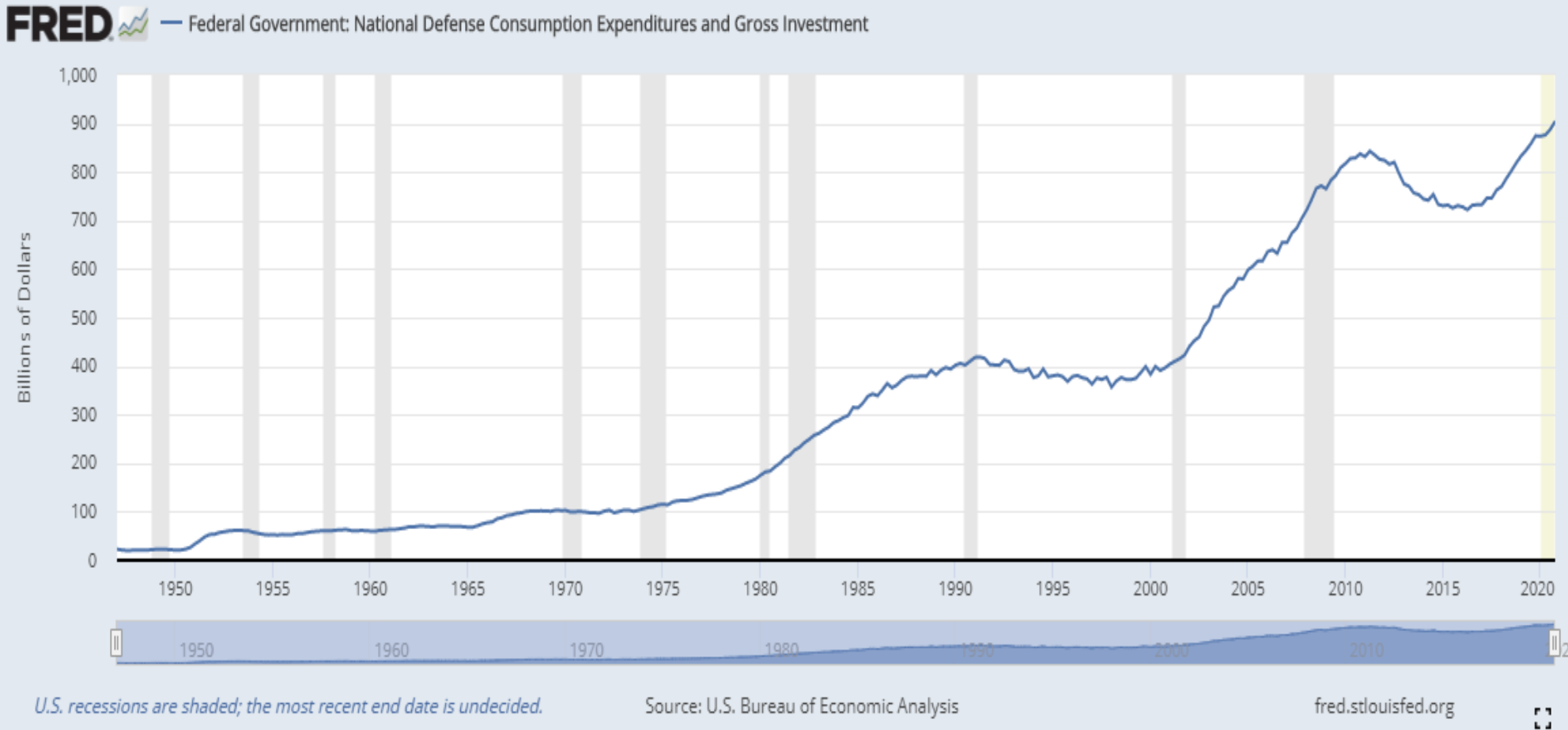
Source: Dick's Sporting Goods. Specific securities identified and described do not represent all of the securities purchased, sold or recommended to clients. There are no assurances that securities identified will be profitable investments. The securities described are neither a recommendation nor a 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.





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# We Like Businesses that Society Cannot Do Without: Defense Spend Up 43-Fold in 73 Years



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.



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## Added L3Harris in 4Q

- Believe its markets are growing as a percentage of the Department of Defense (DoD)
  - Space, electronics, and tactical communications
- 2% yield at purchase, dividend +20%
- New \$6 billion repurchase
- 2020 EPS +13%
- 13.5x 2021 EPS estimates



### L3Harris Technologies overview



**L3HARRIS™**

L3Harris Technologies is an agile global aerospace and defense technology innovator, delivering end-to-end solutions that meet customers' mission-critical needs.

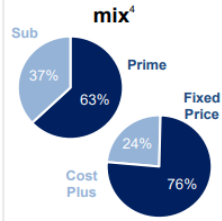
Revenue<sup>1</sup>:  
**\$18.1B**

EBIT<sup>1,2</sup>:  
**\$3.0B**

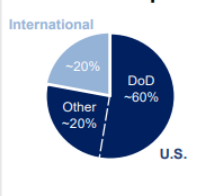
FCF<sup>1,3</sup>:  
**\$2.5B**

Creating a leading global defense technology company

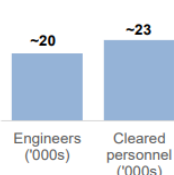
#### Diversified business mix<sup>4</sup>



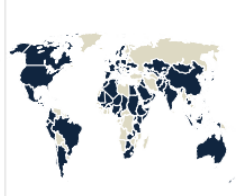
#### Strong customer relationships<sup>4</sup>



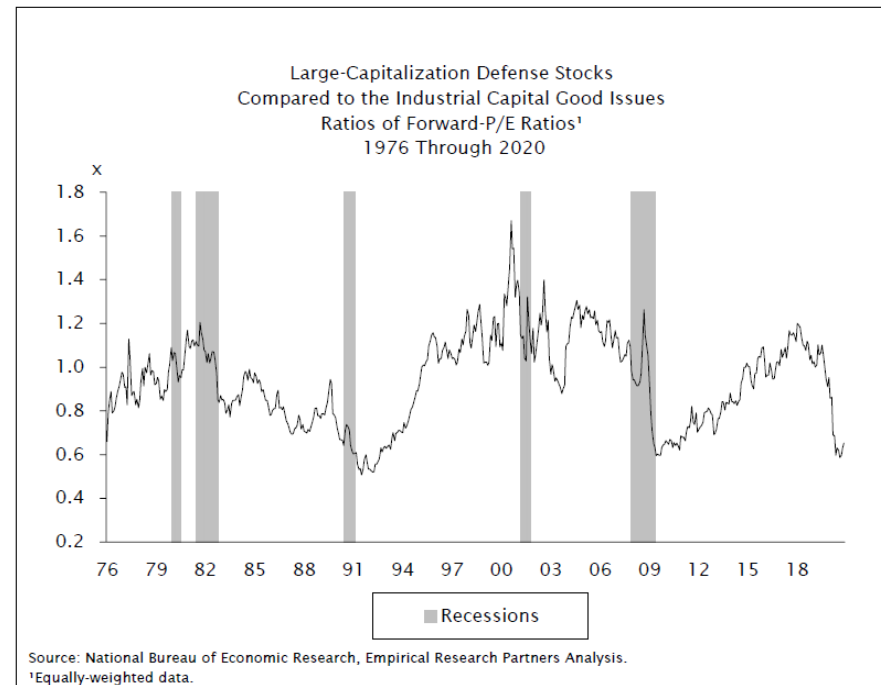
#### Talent and culture of innovation



#### Global reach...serving over 100 countries



<sup>1</sup>For CY19 first half, reflects pro forma results included in L3Harris' Current Report on Form 8-K filed May 4, 2020; and for EBIT, adjusted as indicated in non-GAAP financial measure reconciliations in quarterly earnings materials or on the L3Harris investor relations website. <sup>2</sup>EBIT = earnings before interest and taxes adjusted to exclude discontinued operations and deal and integration costs. <sup>3</sup>Operating cash flow less net capital expenditures, excluding deal and integration costs; for CY19 first half, reflects separate company reported results on combined basis. <sup>4</sup>Reflects CY19 second half.



Source: National Bureau of Economic Research, Empirical Research Partners Analysis.

Source: L3Harris Technologies. 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.



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We Are True to Our “Pillars” and Dividend Growth Philosophy and Investment Process

## Equity Income SMA Portfolio Characteristics (01.31.2021)

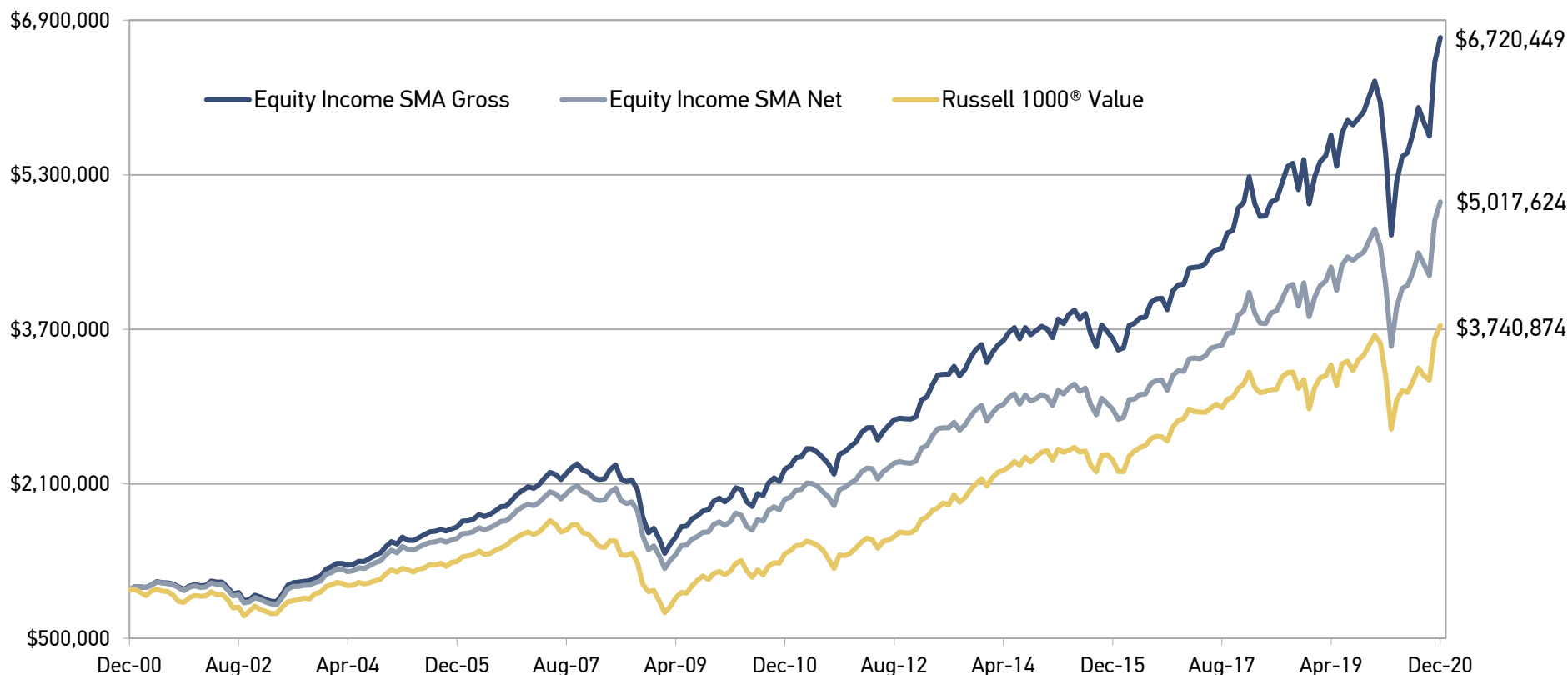
	Growth/Stability					Valuation			Profitability		Balance Sheet		Dividends	
	20y EPS Growth	21y EPS Growth	22y EPS Growth	'17-'22 EPS CAGR	22/'19 EPS Gr	22y EV/ 22y P/E	22y EV EBITDA	22y EV FCF Yld	EBITDA ROE	EBITDA Mgn	Interest Coverage	Interest Leverage	5Yr Div Div Yield	5Yr Div CAGR
El Median *	-1%	13%	10%	9%	27%	16.4	12.5	5.0%	15.0	23.7	7.8	2.2	2.2%	10.3%
R1V Median	-9%	13%	10%	8%	15%	17.9	12.1	4.4%	9.4	18.9	4.1	2.8	1.3%	6.5%
vs Benchmark	7%	0%	0%	1%	12%	-9%	3%	13%	59%	25%	89%	-21%	68%	59%

*\*Representative account. As of 01.31.2021. 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.*

**Past performance is not indicative of future results.**



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



As of 12.31.2020. 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.



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Q&A

**Please click the “raise your hand” icon for questions**



*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® 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® 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.

**Technical Terms:** **Earnings Per Share (EPS):** a key metric used to determine the common shareholder's portion of the company's profit. EPS measures each common share's profit allocation in relation to the company's total profit. **Price Earnings Ratio (P/E):** the relationship between a company's stock price and earnings per share (EPS). The P/E ratio shows the expectations of the market and is the price you must pay per unit of current earnings (or future earnings, as the case may be). **Free Cash Flow (FCF):** 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. **Return on Equity (ROE):** the measure of a company's annual return (net income) divided by the value of its total shareholders' equity, expressed as a percentage. **Compound Annual Growth Rate (CAGR):** the measure of an investment's annual growth rate over time, with the effect of compounding taken into account. It is often used to measure and compare the past performance of investments, or to project their expected future returns. **EBITDA:** Earnings Before Interest, Taxes, Depreciation, and Amortization 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. (Technical definitions are sourced from Corporate Finance Institute.)

*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.*

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# 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.

	Total Return "Pure"	Total Return	No. of	Composite Assets End of Period	Percent of	Total Firm Assets	Composite	Russell 1000 Value	Composite 3-yr St Dev	Benchmark 3-yr St Dev
<u>Year</u>	<u>Gross of Fees</u>	<u>Net of Fees</u>	<u>Portfolios</u>	<u>(\$MM)</u>	<u>Firm Assets</u>	<u>(\$MM)</u>	<u>Dispersion (%)</u>	<u>Index</u>	<u>(%)</u>	<u>(%)</u>
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 12/31/19. 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. 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. 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.