



**STERLING**  
CAPITAL

**1<sup>st</sup> Quarter 2021 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 03.31.2021, 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 Q1.2021 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®**  
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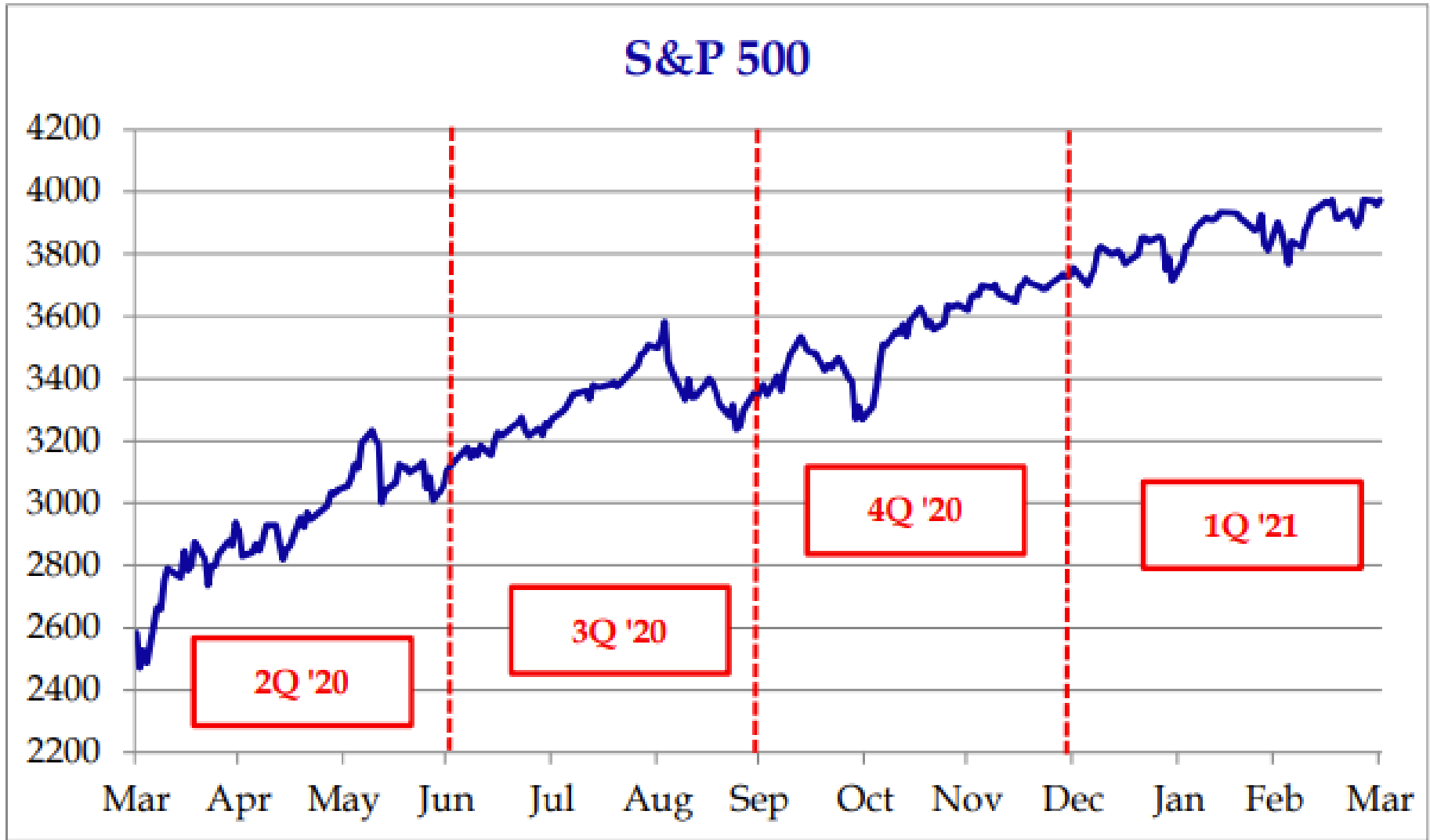
**Charles J. Wittmann, CFA®**  
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Executive Director  
Client Portfolio Manager



S&P 500 +6.2% in 1Q21  
+53.7% in 12 Months; Best Since WWII

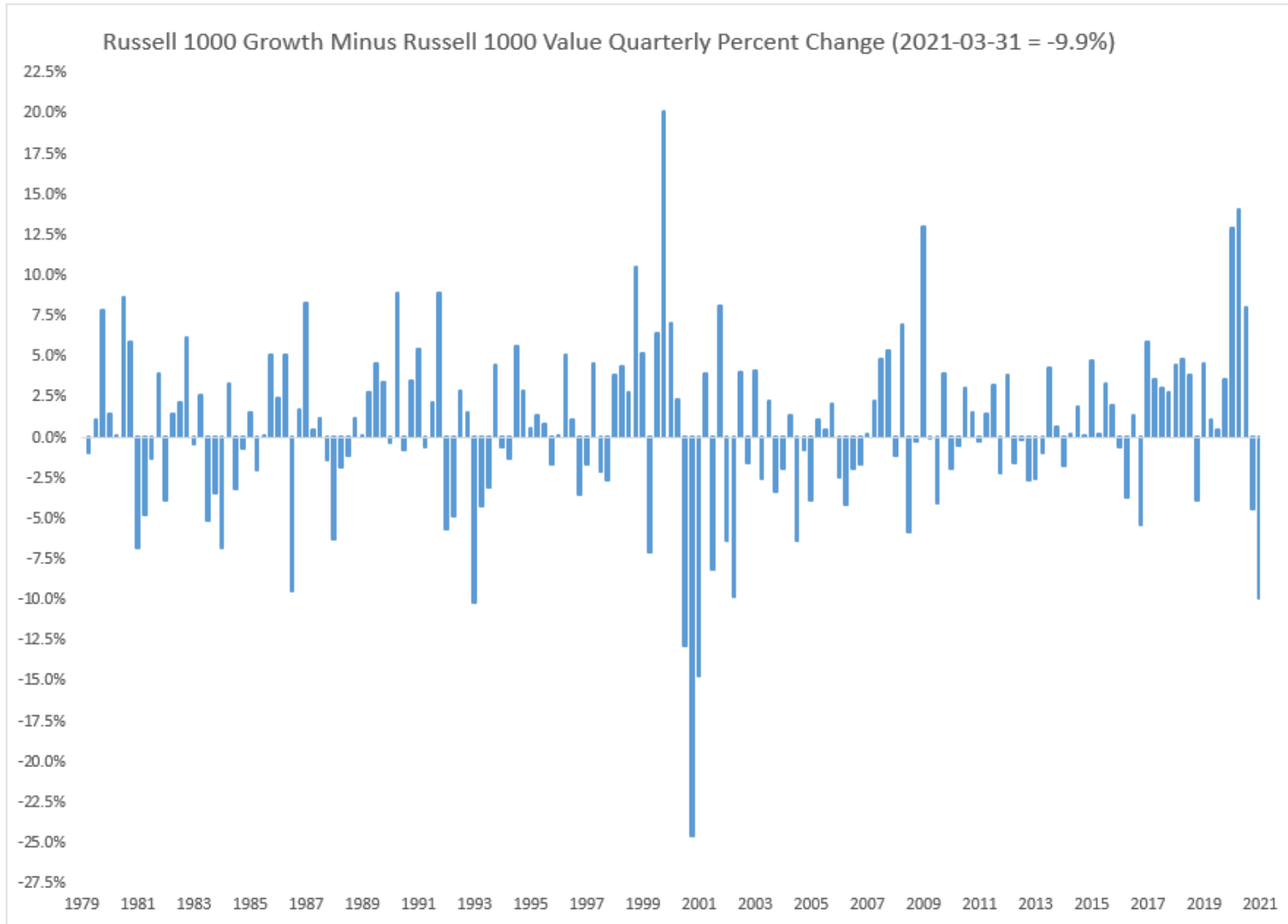


Source: Strategas Research. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods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

Past performance is not indicative of future results.

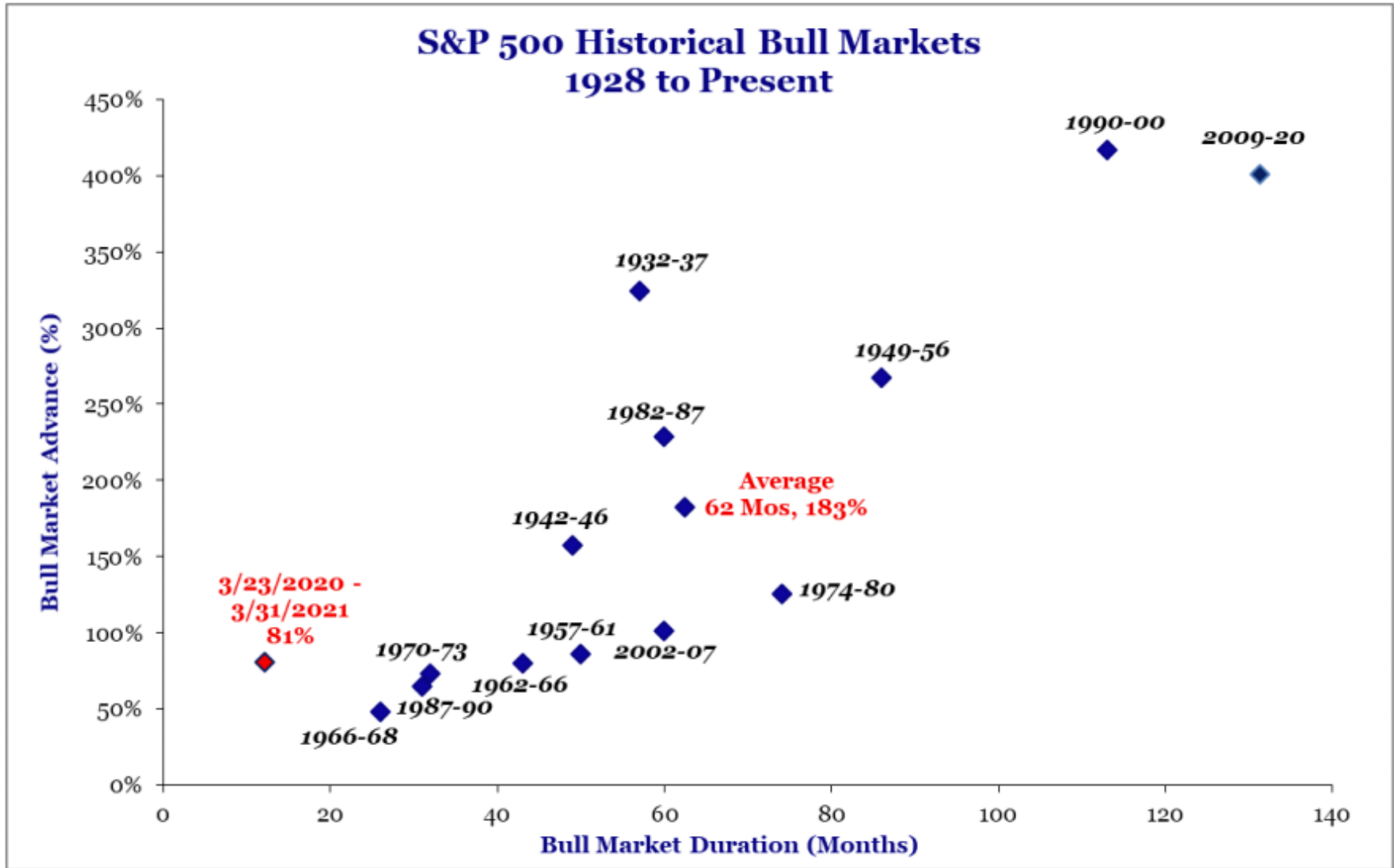


# Best Quarter for Value (+11.3%) Vs. Growth (+1.4%) Since 2001



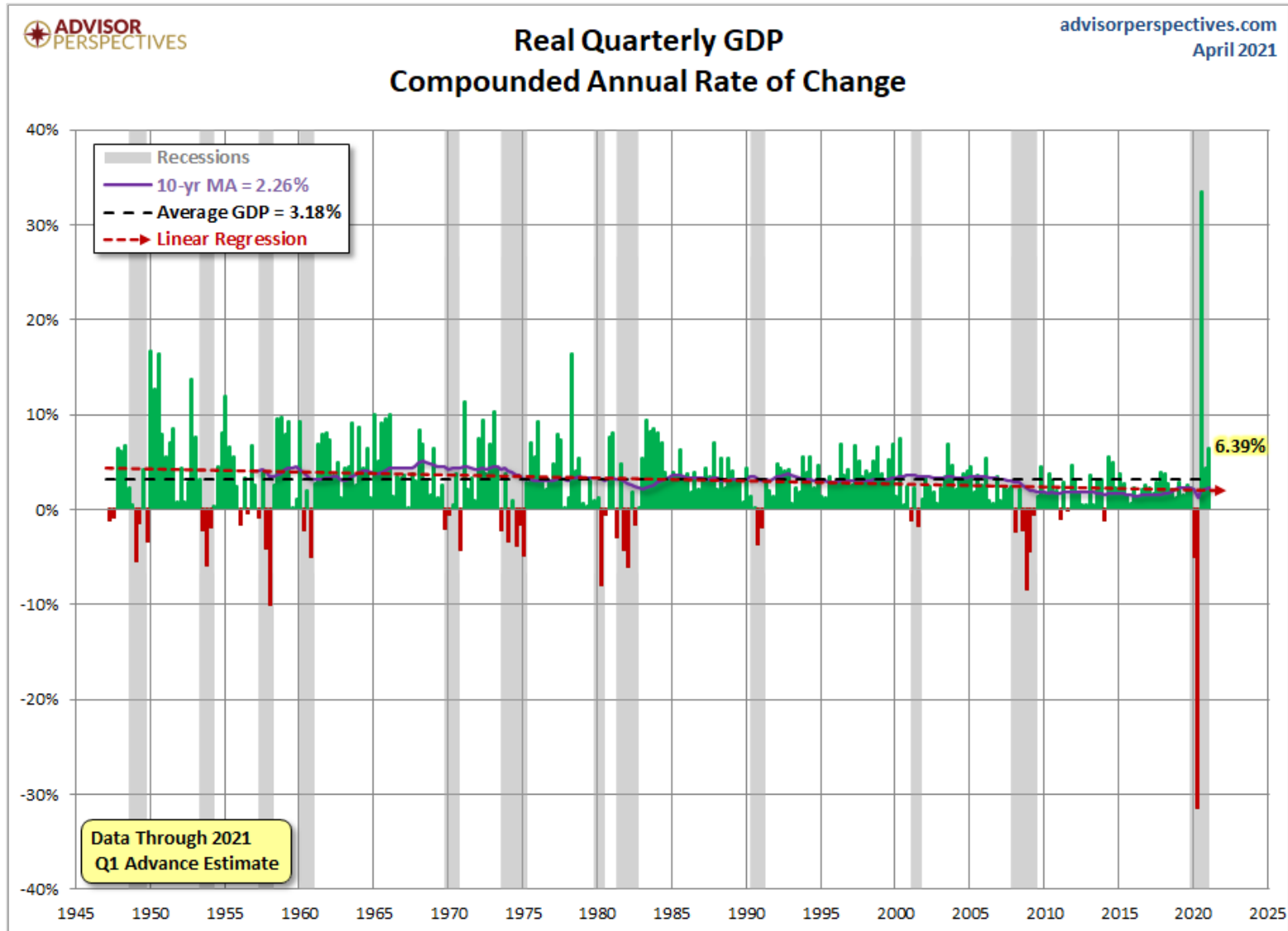
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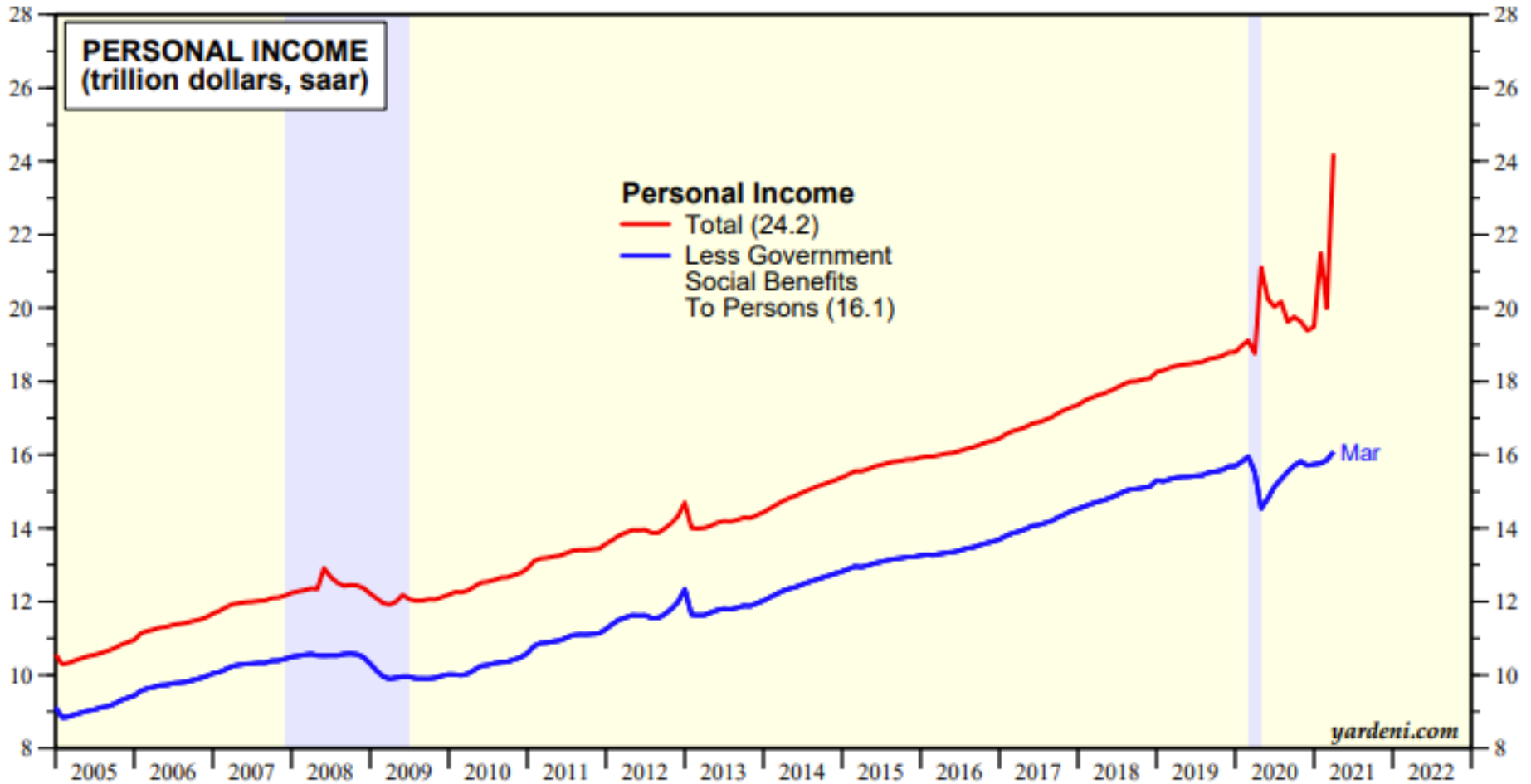


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Source: Advisor Perspectives. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.



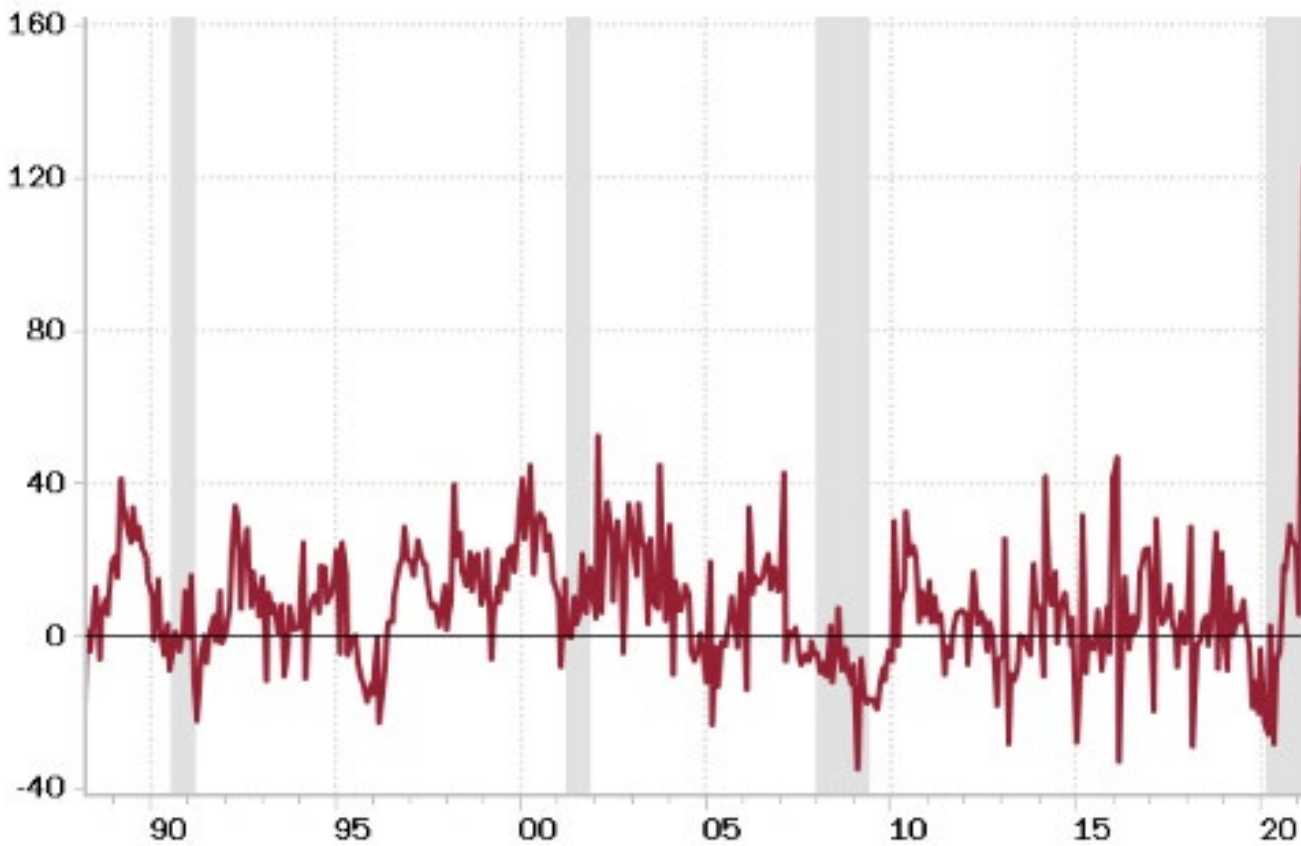
Note: Shaded areas are recessions according to the National Bureau of Economic Research. Source: yardeni.com, Bureau of Economic Analysis. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.





### CHART 1: Port of Los Angeles Inbound Loaded Containers

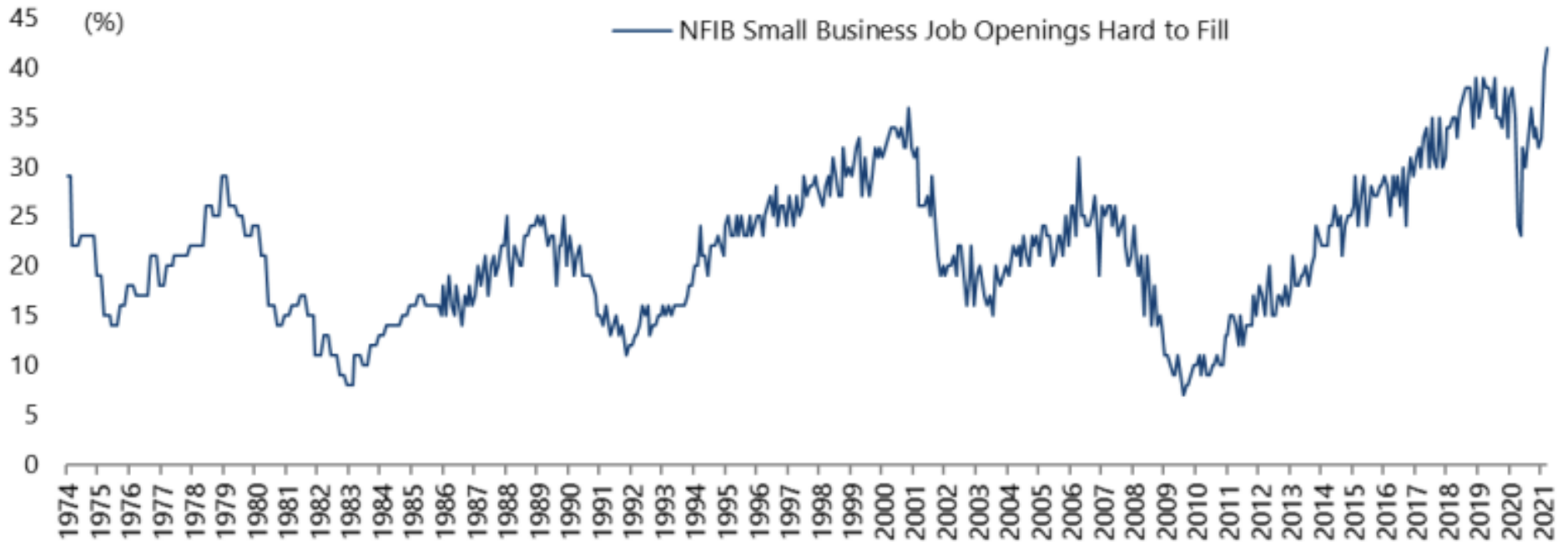
United States  
(year-over-year percent change)



Note: Shading indicates recession. Source: Haver Analytics, Rosenberg 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.



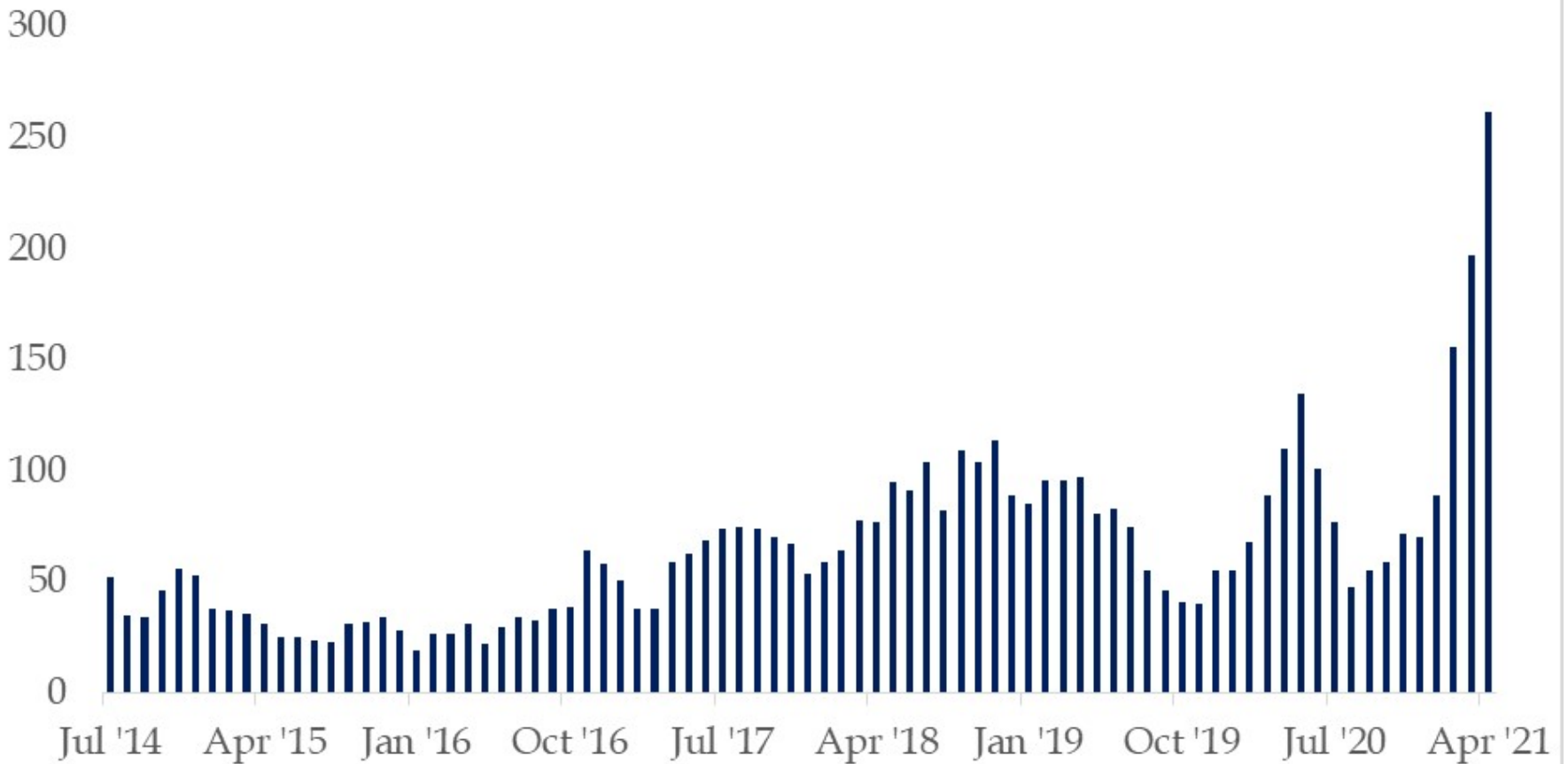
**Exhibit 3: NFIB small business survey: Job openings hard to fill**



Source: National Federation of Independent Business (NFIB), Bloomberg. 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 Transcript Analyzer: "Shortages" Rolling 3-Month Sum

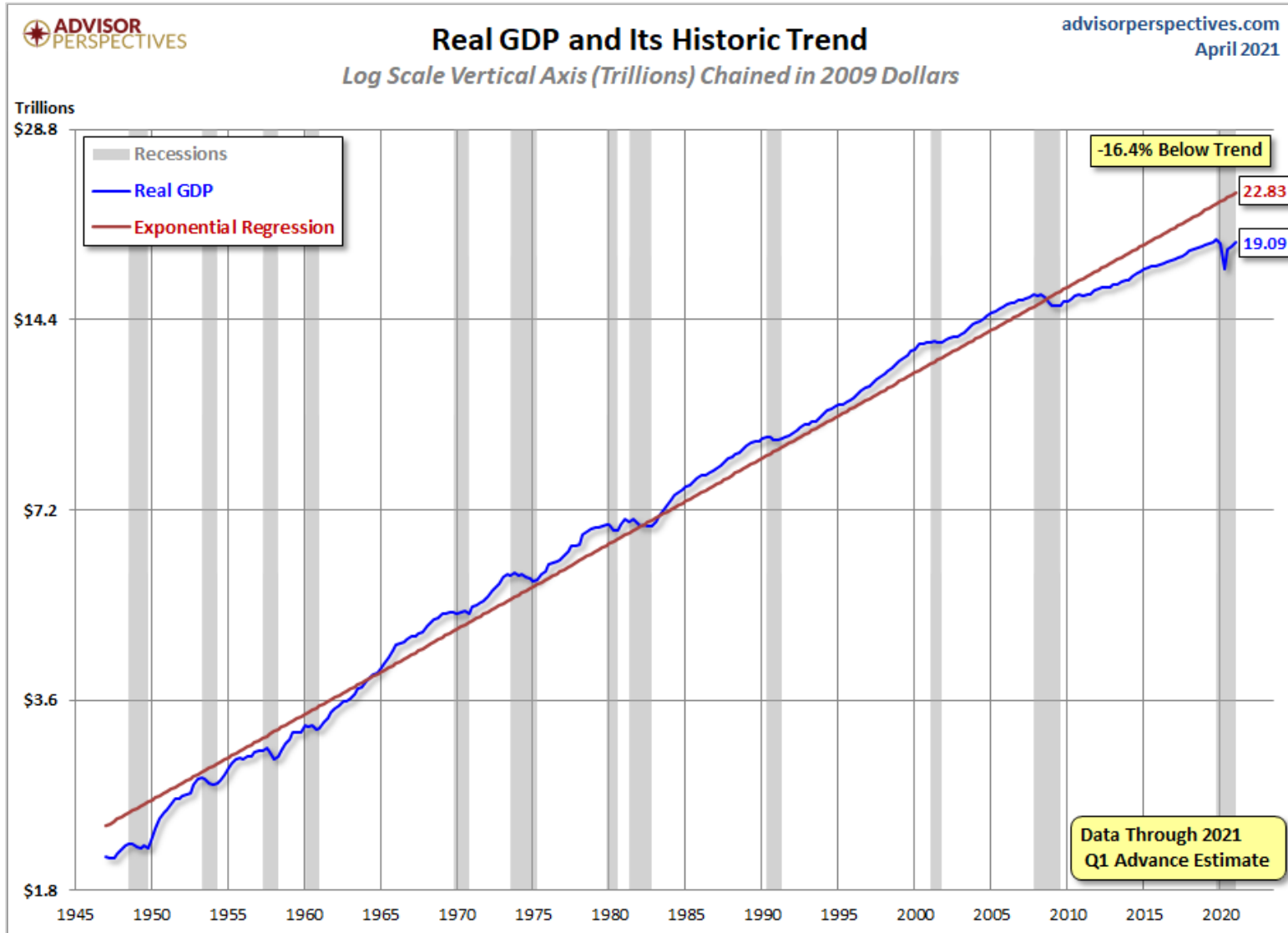


Source: Strategas Research. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods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

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# However, Policy Makers Still See Room for Improvement

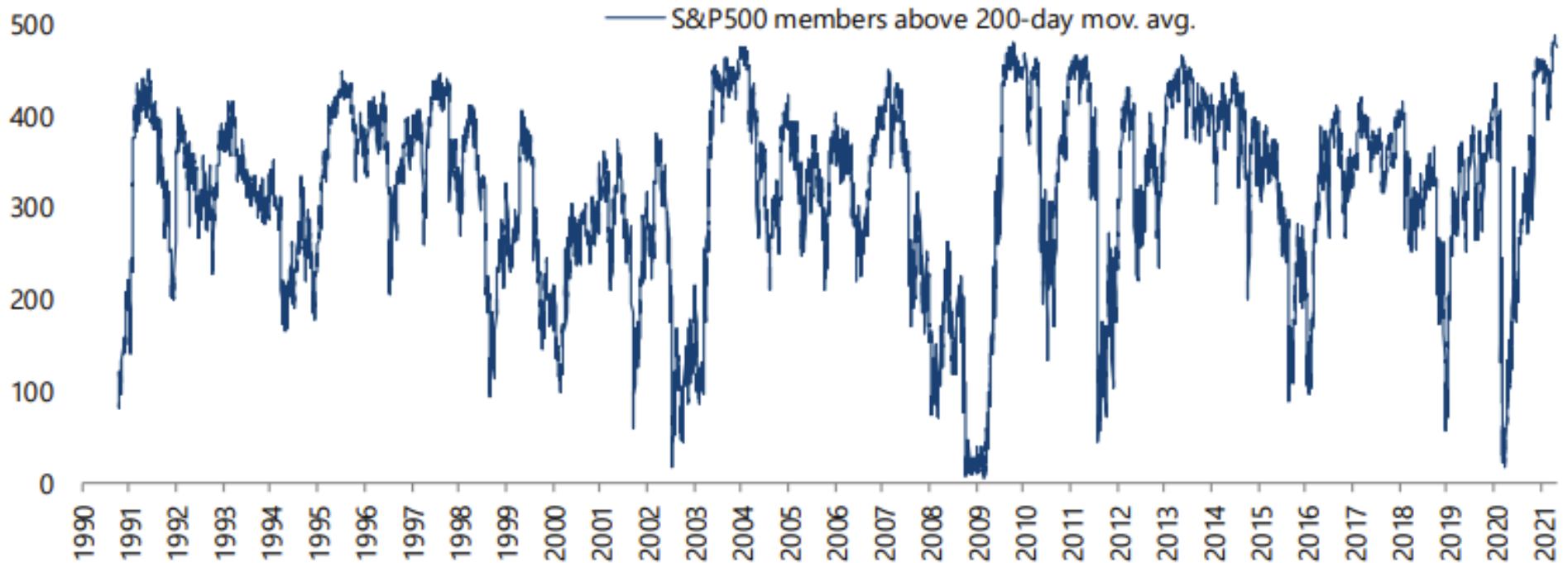


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# As Our Audience May Be Well Aware, Stocks Have Responded, Broadly

**Exhibit 7: Number of S&P500 stocks trading above their 200-day moving average**



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.

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The chart below provides total return for each index, equity sector, and/or fixed income category. The coloring suggests that green is outperforming, yellow is performing in-line, and red is underperforming.

ETF	Description	April	YTD	Last Year	ETF	Description	April	YTD	Last Year
SPY	S&P 500	5.29	11.98	45.98	XLY	Cons Disc	6.46	11.46	54.67
DIA	Dow 30	2.69	11.36	42.10	XLP	Cons Stap	1.86	3.71	22.76
QQQ	Nasdaq 100	5.91	7.86	55.36	XLE	Energy	0.67	31.71	37.15
IJH	S&P Midcap 400	4.41	18.55	67.84	XLF	Financials	6.49	23.55	62.61
IJR	S&P Smallcap 600	1.85	20.58	76.77	XLV	Health Care	3.93	7.32	23.61
IWB	Russell 1000	5.34	11.66	49.37	XLI	Industrials	3.53	15.46	61.25
IWM	Russell 2000	1.79	14.92	74.69	XLB	Materials	5.38	15.20	63.22
IWV	Russell 3000	5.27	12.05	51.06	XLK	Technology	5.19	7.67	54.25
					XLC	Comm Services	6.45	15.87	56.40
					XLU	Utilities	4.18	7.21	20.41
IVW	S&P 500 Growth	6.83	9.16	48.83	SHY	1-3 Yr Treasuries	0.06	-0.03	0.00
IJK	Midcap 400 Growth	3.97	12.96	61.36	IEF	7-10 Yr Treasuries	1.00	-4.79	-5.47
IJT	Smallcap 600 Growth	1.83	14.51	69.89	TLT	20+ Yr Treasuries	2.49	-11.78	-15.69
IVE	S&P 500 Value	3.65	14.91	40.82	AGG	Aggregate Bond	0.73	-2.67	-0.25
IJJ	Midcap 400 Value	4.71	24.13	73.09	BND	Total Bond Market	0.87	-2.80	-0.31
IJS	Smallcap 600 Value	1.69	26.42	82.28	TIP	T.I.P.S.	1.43	-0.28	5.94
DVY	DJ Dividend	3.66	24.02	52.46					
RSP	S&P 500 Equalweight	4.67	16.80	56.86					

*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. 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.*



# We Suspect that the Pattern of Earnings Up + Valuations Down Continues – That’s Normal

## Russell 1000 Value Return Decomposition – YTD

	Current Weight	Revenue*	Margin*	Earnings*	Buybacks	EPS*	P/E	Price Return	Dividends	Total Return
<b>Russell 1000 Value</b>	<b>100.0</b>	<b>5.3</b>	<b>11.6</b>	<b>17.5</b>	<b>0.0</b>	<b>17.5</b>	<b>-2.2</b>	<b>14.9</b>	<b>0.7</b>	<b>15.7</b>
Financials	21.1	5.6	22.4	29.2	0.2	29.4	-4.7	23.4	0.7	24.3
Industrials	13.8	5.6	4.8	10.6	0.8	11.5	4.2	16.2	0.4	16.7
Health Care	12.6	4.0	2.3	6.4	0.2	6.5	1.4	8.1	0.5	8.6
Technology	9.2	5.2	5.8	11.3	0.2	11.5	-1.6	9.7	0.5	10.3
Comm Svcs	9.2	3.6	5.4	9.2	-0.2	9.0	0.1	9.0	0.9	10.0
Discretionary	7.9	4.4	12.4	17.3	0.9	18.3	0.5	19.0	0.3	19.4
Staples	7.0	1.6	2.6	4.2	-0.3	3.9	0.4	4.3	0.9	5.3
Utilities	5.0	-0.8	4.4	3.5	-3.4	0.0	5.5	5.5	0.9	6.5
Energy	4.9	15.5	91.5	121.3	-1.5	117.8	-41.8	26.8	1.4	28.6
Materials	4.8	9.9	17.7	29.3	0.1	29.5	-11.0	15.3	0.5	15.9
REITs	4.5	3.0	0.1	3.1	1.1	4.2	11.9	16.7	0.9	17.7

Note: \*Change in forward estimates. Return reflects period in benchmark if not included for full period.

Data is YTD through 04.30.2021. Note that "Earnings" column is the change in 12-month forward estimates.

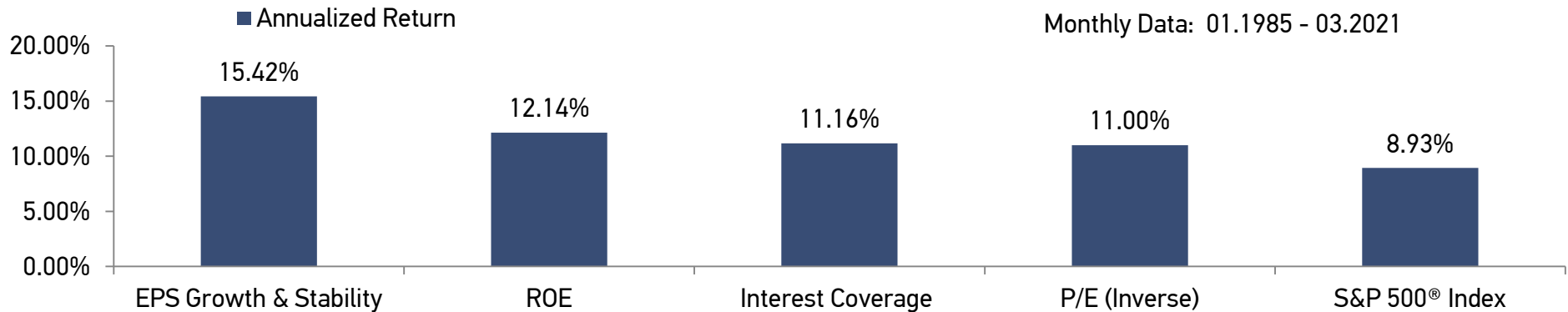
Source: Russell, FactSet, Thomson Financial, Credit Suisse. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there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

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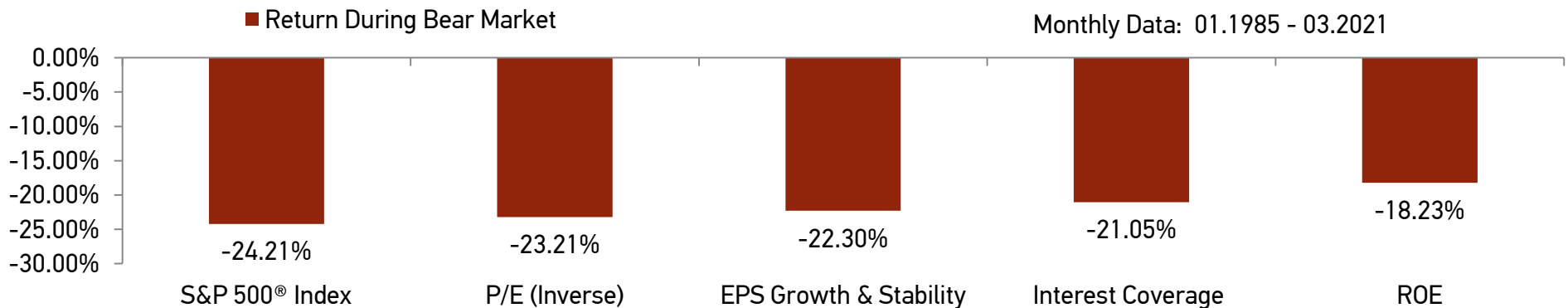


Seek Capital Appreciation and Risk Reduction by Constructing Portfolios with Attractive Valuations (P/E), Robust Operating Growth (EPS Growth/Stability), High Profitability (ROE) and Strong Balance Sheets (Interest Coverage)

## 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

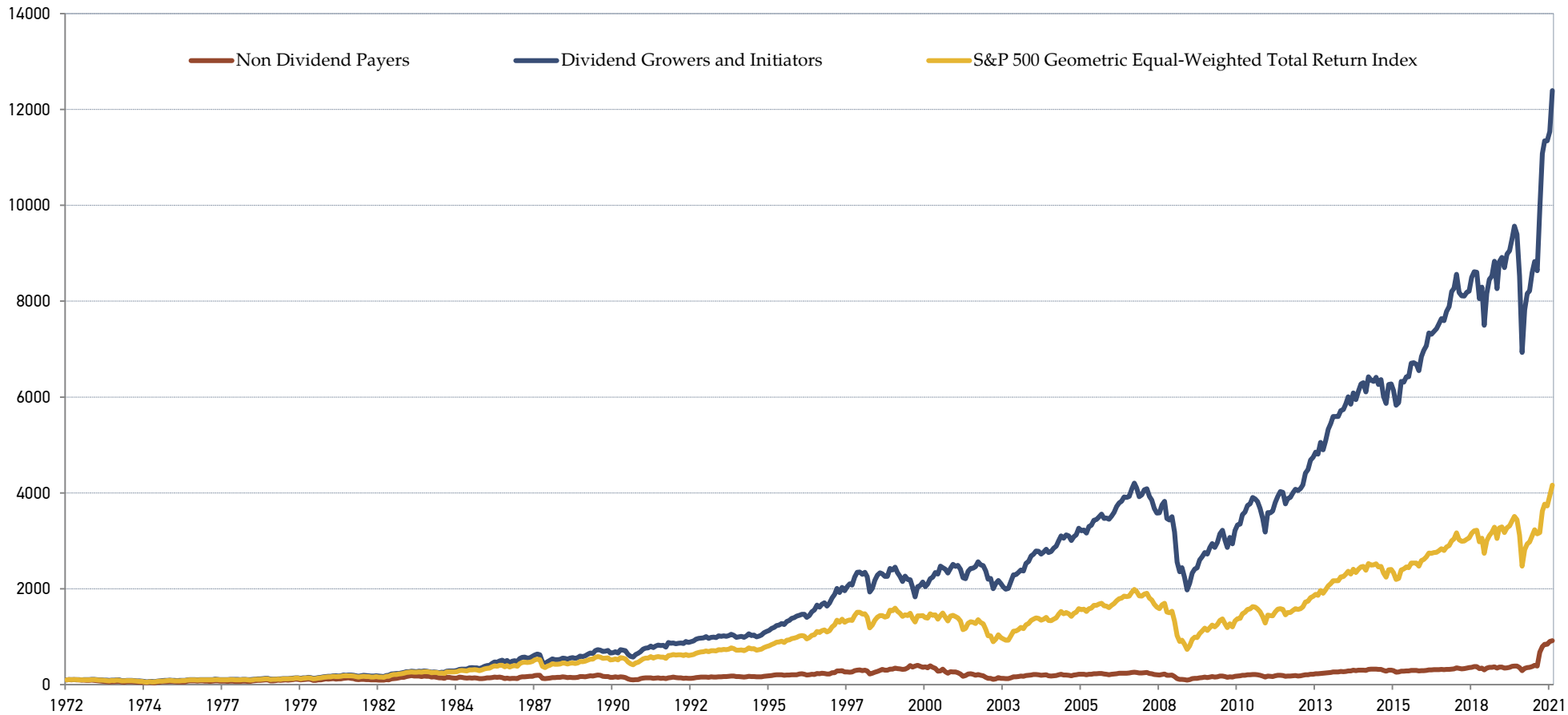


As of 03.31.2021. Source: Ned Davis Research, S&P Dow Jones Indices. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.

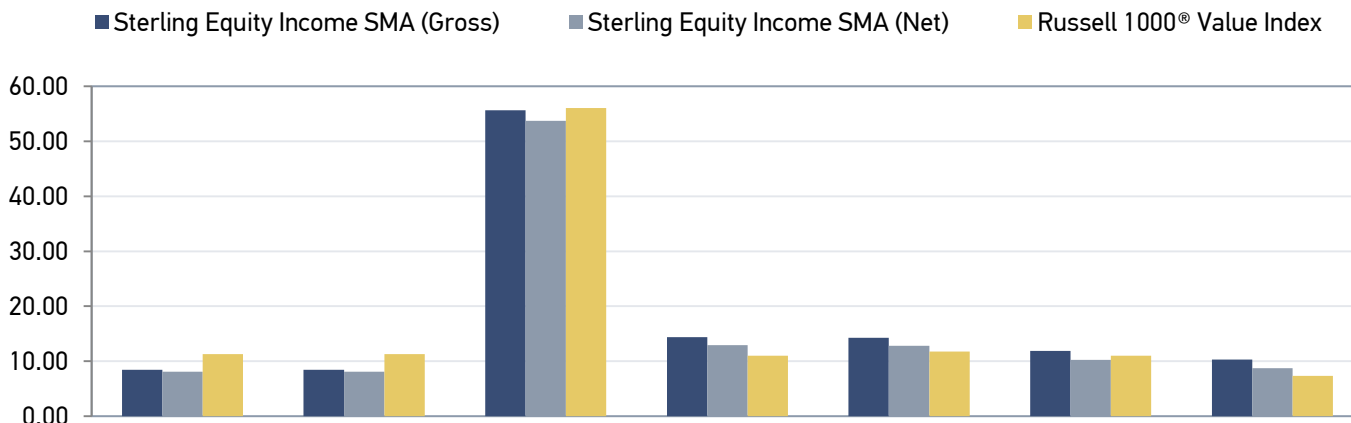




## Returns of S&P 500 Stocks by Dividend Policy Monthly Data 01.31.1972 – 03.31.2021



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.



Performance	QTR	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception*
Sterling (Gross)	8.40%	8.40%	55.67%	14.34%	14.24%	11.84%	10.31%
Sterling (Net)	8.06%	8.06%	53.75%	12.91%	12.77%	10.26%	8.71%
Russell 1000® Value	11.26%	11.26%	56.09%	10.96%	11.74%	10.99%	7.30%

\*Inception date is 12.31.2000.

Data as of 03.31.2021. 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 GIPS Composite Report located in the APPENDIX. Source: Russell Investments, S&P, Sterling Capital Management Analytics.

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



## Q1 Top Five Contributors:

- EOG Resources
- Goldman Sachs
- Corning
- Home Depot
- Abbott Laboratories

## Q1 Bottom Five Contributors:

- Merck & Co.
- PepsiCo
- Coca-Cola Company
- Verizon
- Encompass Health

*Data as of 03.31.2021. 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.*



## S&P 500 1st Quarter Earnings Scorecard

	Sales Growth (Y/Y%)		Earnings Growth (Y/Y%)		# Reported
	Apr. 23	Apr. 30	Apr. 23	Apr. 30	
S&P 500	9.9%	11.6%	33.9%	46.3%	303/500
Discretionary	15.2%	16.9%	105.4%	169.6%	31/62
Staples	2.5%	3.4%	4.1%	6.5%	21/32
Energy	-6.7%	-3.1%	-1.6%	8.0%	12/23
Financials	30.3%	30.9%	121.5%	130.1%	55/65
Health Care	9.7%	9.8%	22.5%	22.6%	37/62
Industrials	-0.9%	1.0%	-15.1%	-2.4%	56/74
Materials	11.3%	11.4%	50.6%	55.4%	13/28
Real Estate	0.2%	-0.4%	-0.1%	2.9%	20/29
Technology	16.4%	21.2%	26.7%	42.5%	37/75
Communications	9.4%	12.2%	17.0%	48.1%	12/22
Utilities	5.1%	7.2%	0.1%	2.5%	9/28

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.



# It's a Market of Stocks; Not "the" Stock Market

**P/E ratio of the top 10 and remaining stocks in the S&P 500**  
Next 12 months



Source: J.P. Morgan Asset Management, FactSet, Standard & Poor's. 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 Portfolio's Holdings are Participating in the Strong Earnings Growth Trend

Sector (BICS)	Ticker	Company	Sales			Earnings		
			Curr	Prev	Growth	Curr	Prev	Growth
				<b>Avg Sales</b>		<b>13%</b>	<b>Avg EPS</b>	<b>59%</b>
				<b>Median Sales</b>		<b>5%</b>	<b>Median EPS</b>	<b>14%</b>
PSX US Equity		PHILLIPS 66	21,927,000,000	20,878,000,000	5%	-1.16	1.02	N.M.
DFS US Equity		DISCOVER FINANCIAL SERVICES	2,795,000,000	2,888,000,000	-3%	5.04	-0.25	N.M.
GS US Equity		GOLDMAN SACHS GROUP INC	17,704,000,000	8,743,000,000	102%	18.6	3.11	498%
C US Equity		CITIGROUP INC	19,327,000,000	20,731,000,000	-7%	3.62	1.05	245%
UPS US Equity		UNITED PARCEL SERVICE-CL B	22,908,000,000	18,035,000,000	27%	2.77	1.15	141%
GLW US Equity		CORNING INC	3,263,000,000	2,529,000,000	29%	0.45	0.2	125%
ABT US Equity		ABBOTT LABORATORIES	10,456,000,000	7,726,000,000	35%	1.32	0.65	103%
SBUX US Equity		STARBUCKS CORP	6,668,000,000	5,995,700,000	11%	0.62	0.32	94%
MSFT US Equity		MICROSOFT CORP	41,706,000,000	35,021,000,000	19%	1.95	1.401	39%
ABBV US Equity		ABBVIE INC	12,935,000,000	8,619,000,000	50%	2.95	2.42	22%
MMC US Equity		MARSH & MCLENNAN COS	5,083,000,000	4,651,000,000	9%	1.99	1.64	21%
EHC US Equity		ENCOMPASS HEALTH CORP	1,230,400,000	1,182,000,000	4%	1.05	0.87	21%
QSR CN Equity		RESTAURANT BRANDS INTERN	1,260,000,000	1,225,000,000	3%	0.55	0.48	15%
LHX US Equity		L3HARRIS TECHNOLOGIES INC	4,567,000,000	4,626,000,000	-1%	3.18	2.8	14%
PEP US Equity		PEPSICO INC	14,820,000,000	13,881,000,000	7%	1.21	1.07	13%
JNJ US Equity		JOHNSON & JOHNSON	22,321,000,000	20,691,000,000	8%	2.59	2.3	13%
NTRS US Equity		NORTHERN TRUST CORP	1,590,000,000	1,595,800,000	0%	1.7	1.555	9%
ANTM US Equity		ANTHEM INC	32,098,000,000	29,448,000,000	9%	7.01	6.48	8%
KO US Equity		COCA-COLA CO/THE	9,019,000,000	8,573,000,000	5%	0.55	0.51	8%
ACN US Equity		ACCENTURE PLC-CL A	12,088,125,000	11,141,505,000	9%	2.03	1.91	6%
VZ US Equity		VERIZON COMMUNICATIONS INC	32,867,000,000	31,610,000,000	4%	1.31	1.26	4%
CB US Equity		CHUBB LTD	9,082,000,000	8,687,000,000	5%	2.52	2.68	-6%
MRK US Equity		MERCK & CO. INC.	12,080,000,000	12,057,000,000	0%	1.4	1.5	-7%
CCI US Equity		CROWN CASTLE INTL CORP	1,485,000,000	1,421,000,000	5%	1.2	1.31	-8%
HON US Equity		HONEYWELL INTERNATIONAL INC	8,454,000,000	8,463,000,000	0%	1.92	2.21	-13%

Note: Only Showing Q1 Reports Through 05.01.2021.

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**Abbott:** “If anything, there’s acceleration to kind of what we talked about 90 days ago. We continue to believe a good portion of the Covid testing is sustainable.”

**Anthem:** “We have raised our full year outlook for adjusted EPS by \$0.60 ... (our outlook) continues to embed net cost associated with Covid in the order of \$600 million. Despite this headwind, we are pleased to be on track to deliver growth inside our long term annual target range of 12% to 15%.”

**Corning:** “We see growth for our semiconductor related materials well beyond resolution of the current and well publicized capacity tightness.”

**Marsh & McLennan:** “We do benefit from the rate increases that are going on in the market, but the bulk of our income is coming from new business wins, and it’s well balanced across all of our businesses.”

**Microsoft:** “It was a record quarter powered by our continued strength of our commercial cloud...Digital adoption curves aren’t slowing down. In fact, they are accelerating and it’s just the beginning.”

All quotes listed are sourced from company earnings call transcripts. 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.



**Chubb:** “Virtually all of our commercial P&C lines of business continue to achieve rates that exceed loss cost. Conditions are excellent.”

**Cummins:** “The strength and breadth of the rebound in demand has surpassed our original expectations, and we’ve raised our full year outlook.”

**L3Harris:** “The administration’s focus on climate initiatives supported a nearly 30% budget increase for NOAA – which reinforces the opportunity set for L3Harris as we are a leader in weather payload and ground systems, creating an opportunity of \$3 billion over the next decade.”

**Phillips 66:** “So we’re very bullish in the second half of this year for that reason. Hotel reservations are up, it looks like it’s going to be a robust travel season for the summer.”

**Starbucks:** “With vaccination programs underway, and in turn consumer mobility, we have begun to see what we describe as the great human reconnection.”

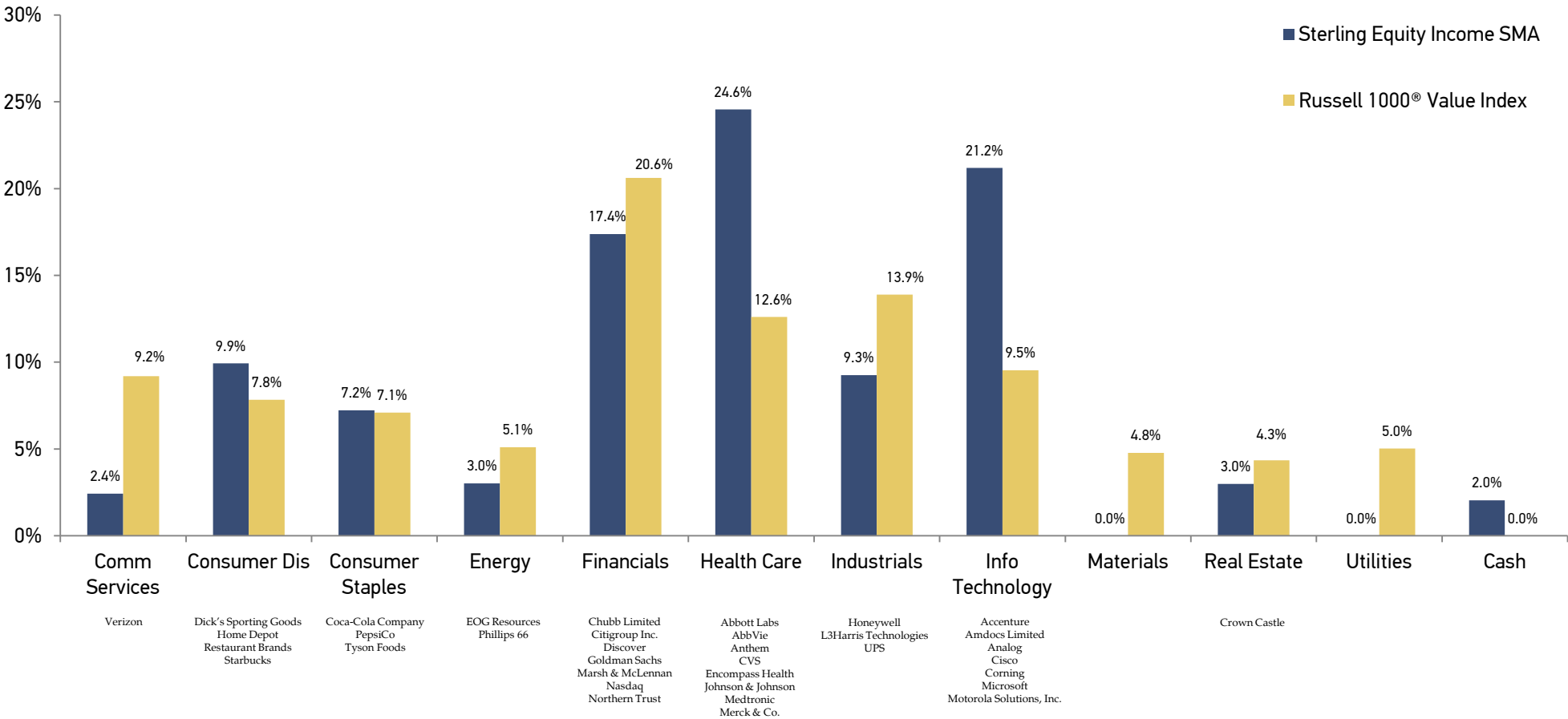
**UPS:** “Total average daily volume growth for (small businesses) reached an all time high 35.6%...this mix improvement...US Domestic revenue per piece up 10.2%.”

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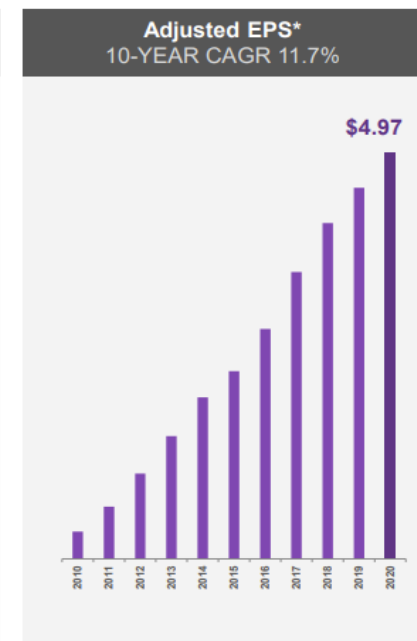
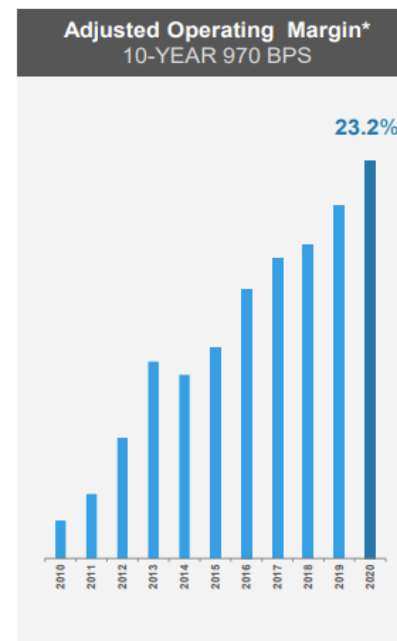
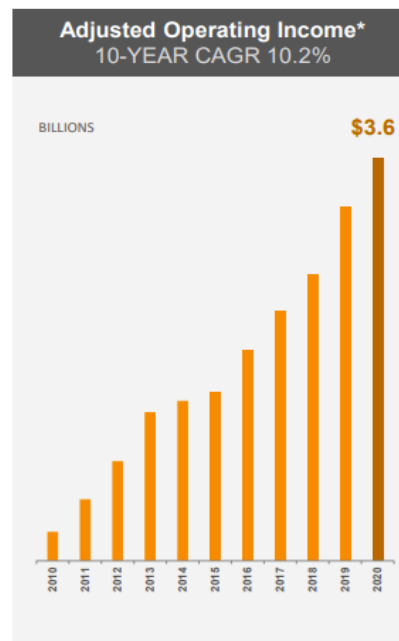
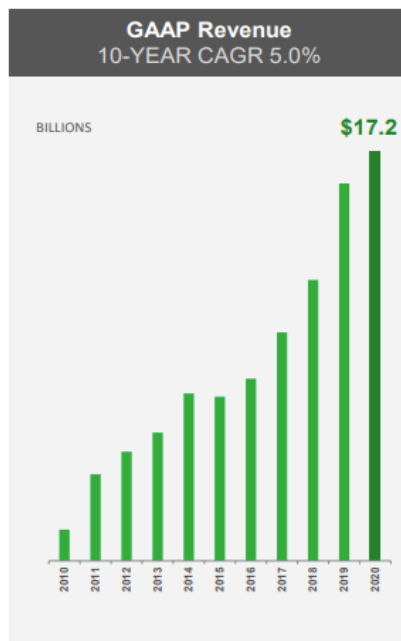
## Sterling Equity Income SMA



Data as of 03.31.2021. 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 GIPS Composite Report located in the APPENDIX. Source: Russell Investments, S&P, FactSet, Sterling Capital Management Analytics.



- \$10.3 billion of insurance revenue 2020
  - Over \$100 billion of premiums placed
- \$7 billion of consulting services
  - \$16 trillion of retirement assets under advisement
  - 95% of Fortune 1000 companies
- “Capital light” business model; not an underwriter
- 7% adjusted earnings per share (EPS) growth 2020
  - 21% in 1Q.2021
- Dividend raised 11 years in a row



\*Reconciliation of Non-GAAP measures included in Appendix;  
Periods prior to 03/31/2019 exclude JLT. Adjusted operating income and adjusted operating margin for 2017 and prior periods include the impact of the pension standard.

Source: Marsh McLennan. 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.



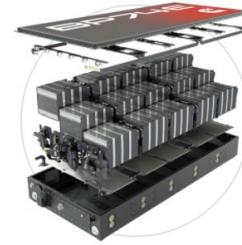
- \$20.9 billion of trailing revenue
  - +\$8.8 billion joint venture (JV) China/India
- Leading maker of Class 8 & medium duty diesel and natural gas engines
- Largest supplier of turbochargers, filtration, and other components
- \$900 million in research and development (R&D)
- 2021 revenue expected up 20-24%
- 6% net debt/capital
- 14 consecutive years “World’s Most Ethical”



Engines



Generators and Power Systems



New Power

### Cummins participation in hydrogen economy

Hydrogen Production

Hydrogen Dispensing and Storage

Fuel Cell Stack & Module



- On-site & on-demand generation
- PEM & alkaline technologies
- <100kg - >10T per day capability



- 350 & 700 bar stations
- Easy integration with on-site generation solutions
- NPROXX Gas Storage Vessels



- Low cost, high reliability fuel cell modules
- Integrated balance of plant
- Multi-module systems for widest range (kW-MW)

- Commissioned the largest electrolysis plant in the world
  - Will produce 3,000 tons hydrogen/year
- Fuel cell electric powertrains
  - BlueBird school buses; three million Chinese passengers
- First hydrogen fuel cell passenger train

Public



Source: Cummins. 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.



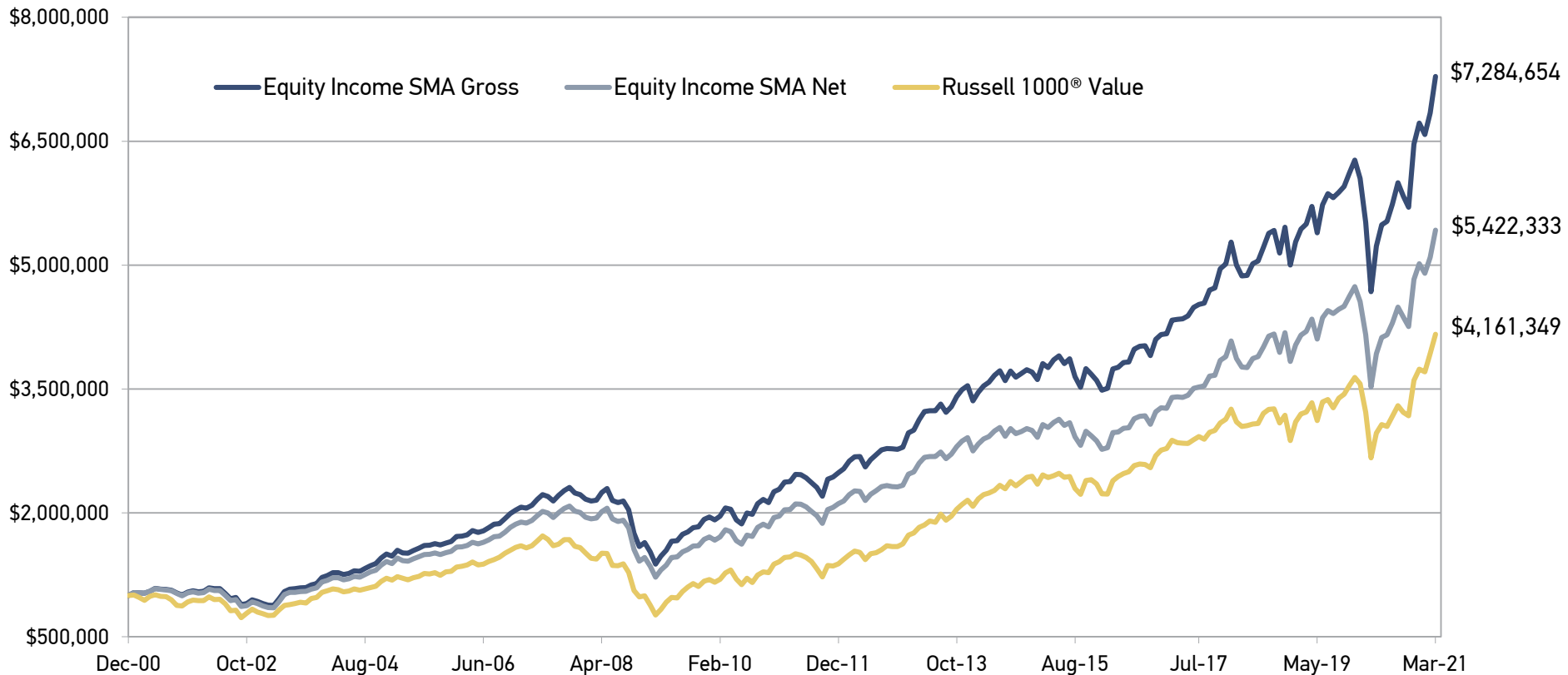
## Equity Income (as of 05.03.2021)

	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	Div Yield	5Yr Div CAGR
El Median *	-3%	16%	9%	10%	26%	16.8	12.9	4.4%	18.0	24.0	7.1	2.1	1.9%	10.0%
R1V Median	-9%	18%	10%	9%	20%	19.6	13.2	4.1%	10.6	19.5	3.3	2.6	1.9%	6.8%
vs Benchmark	6%	-2%	-1%	1%	7%	-14%	-2%	5%	70%	23%	113%	-19%	0%	46%

\*Representative account. As of 05.03.2021. 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.



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



As of 03.31.2021. 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 GIPS Composite Report located in the APPENDIX. Source: Russell Investments, eVestment Analytics.



**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. **Return on Invested Capital (ROIC):** a profitability or performance ratio that aims to measure the percentage return that a company earns on invested capital. **Seasonally Adjusted Annual Rate (SAAR):** an adjustment made to financial and economic data to take into account seasonal variations that occur through a period and is expressed as an annual total. **Moving Average (MA):** a technical indicator that market analysts and investors may use to determine the direction of a trend. **Gross domestic product (GDP):** is a standard measure of a country's economic health and an indicator of its standard of living. (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.*

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