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2nd Quarter 2020 Market Review:
Focus Equity

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 06.30.2020, 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.*



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Meet Your Speakers & Agenda

WebEx Agenda:

- Equity Market and Macro Environment
- Focus Equity Philosophy and Process
- Focus Equity Q2.2020 Performance, Activity and Positioning
- Q&A



Colin R. Ducharme, CFA®
Executive Director
Lead PM Focus Equity



Jeremy M. Lopez, CFA®
Director
APM Focus Equity



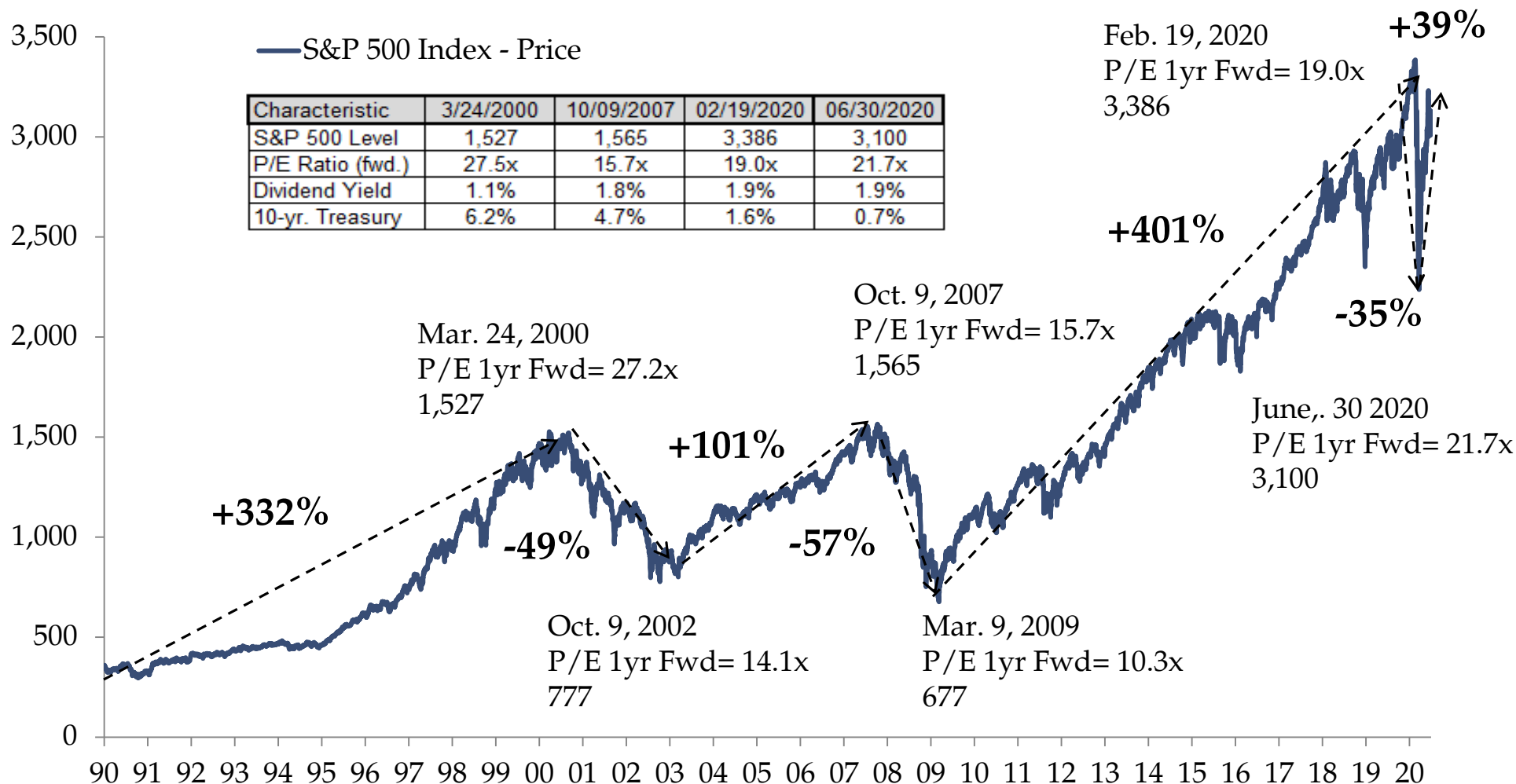
Whitney L. Stewart, CFA®
Executive Director
Client Portfolio Manager

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After a 10 Year Bull Market, the S&P 500 Price Index Had a Rapid Drop and Rebound in 1H 2020

S&P 500 Price Index* Returns and Valuations

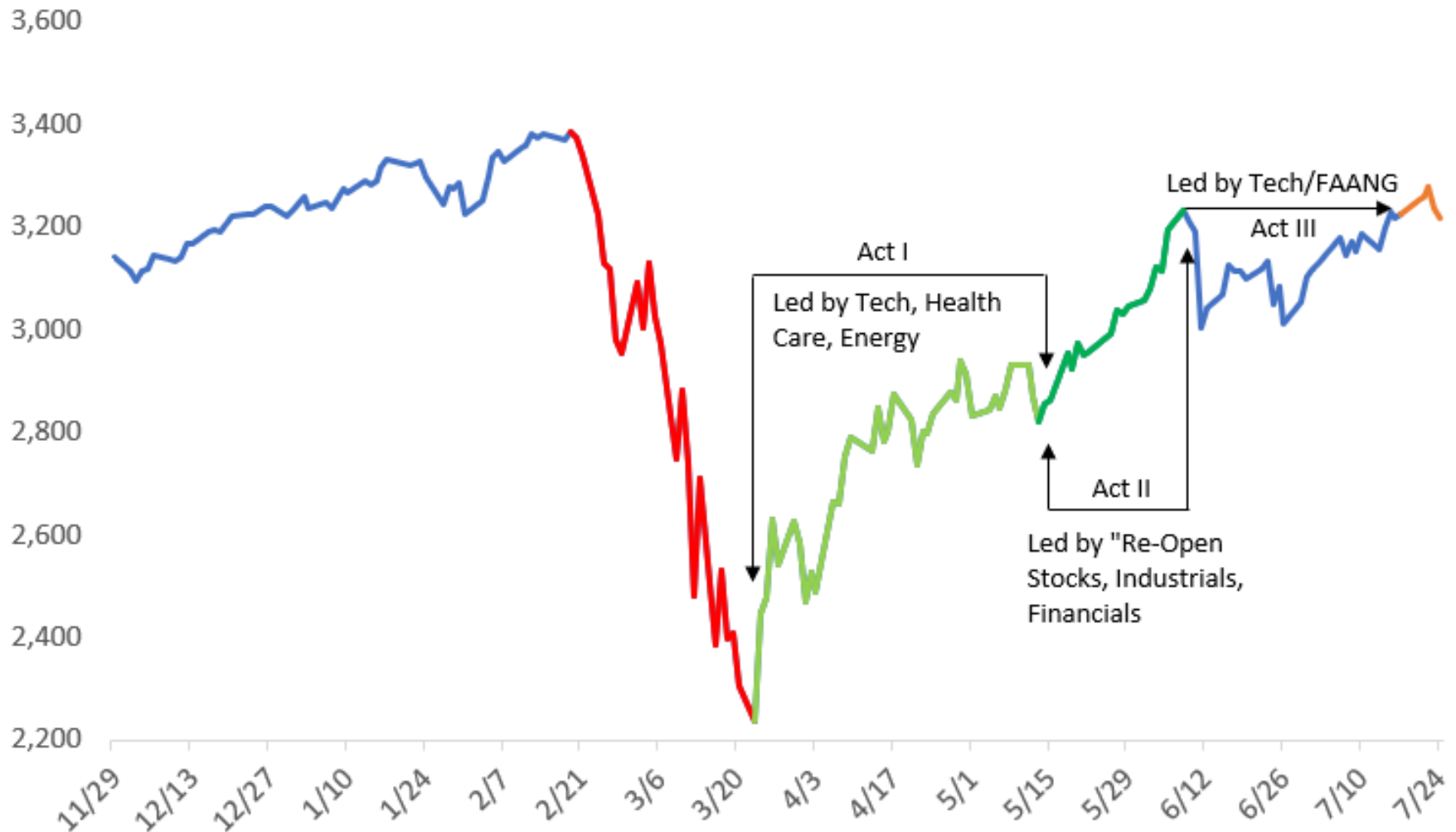


Source: Factset, S&P Dow Jones. *S&P 500 Price Index is a large-cap, market-weighted, U.S. equities index that tracks the price (excluding dividends) of the 500 leading companies. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index.



“Fastest Ever” Bear and Bull Cycles With Shifting Leadership

S&P 500: Since December 2019



Source: Bespoke Investment Group. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index.

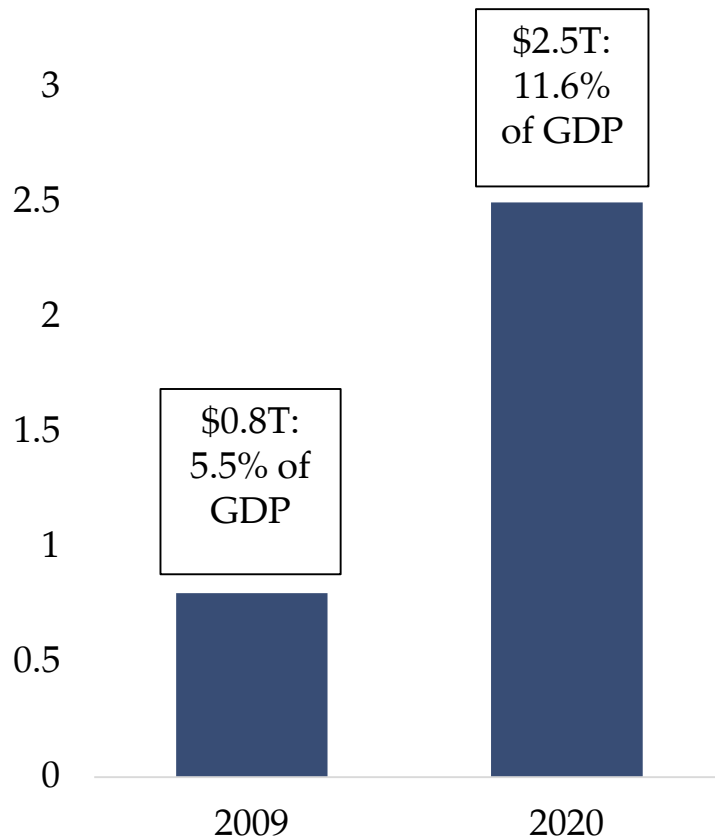
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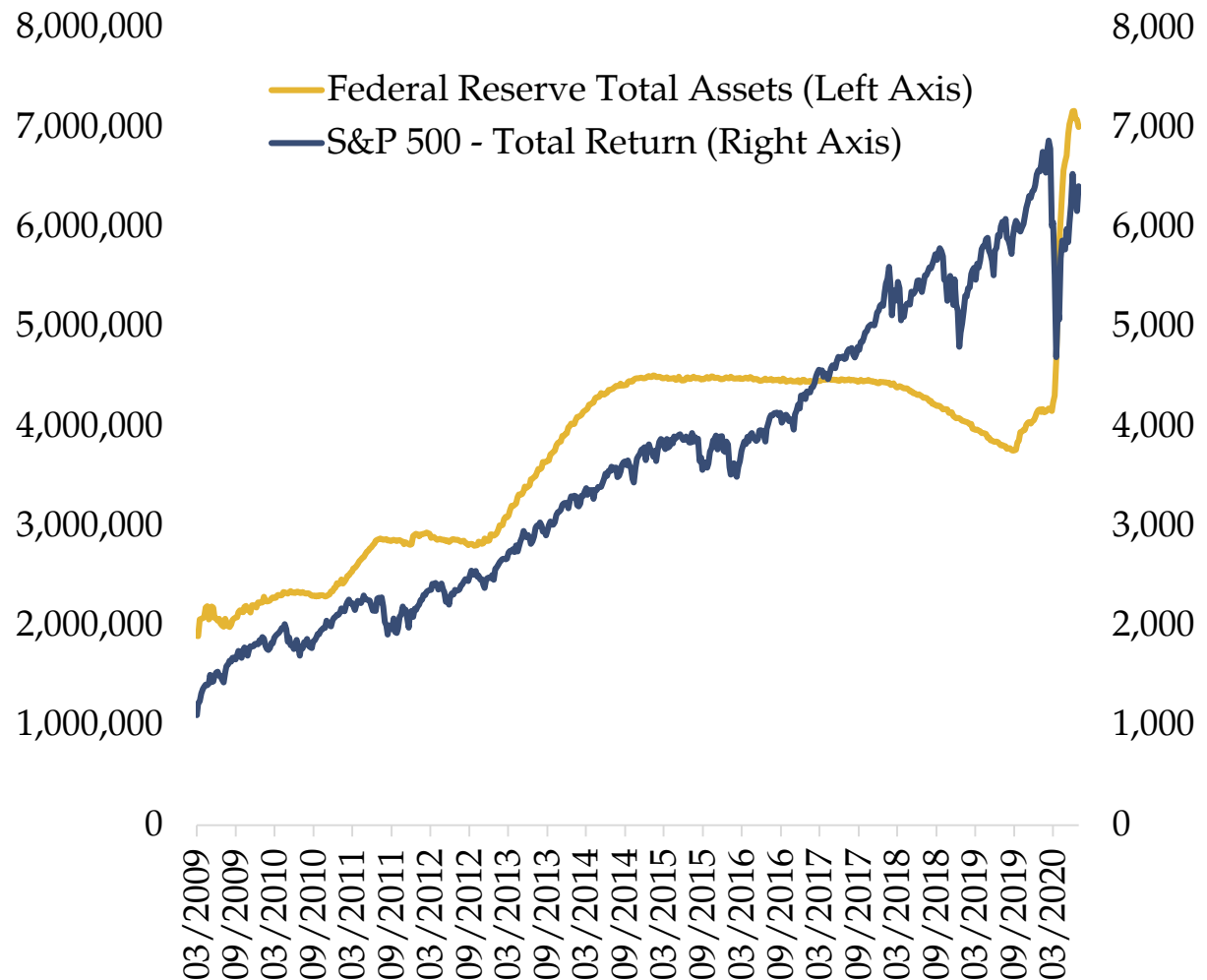
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Equity Markets Appear to be Benefitting from Unprecedented Monetary & Fiscal Stimulus

U.S. Stimulus (\$ Trillions) & Percentage of U.S. GDP



Federal Reserve Total Assets & S&P 500 Total Return

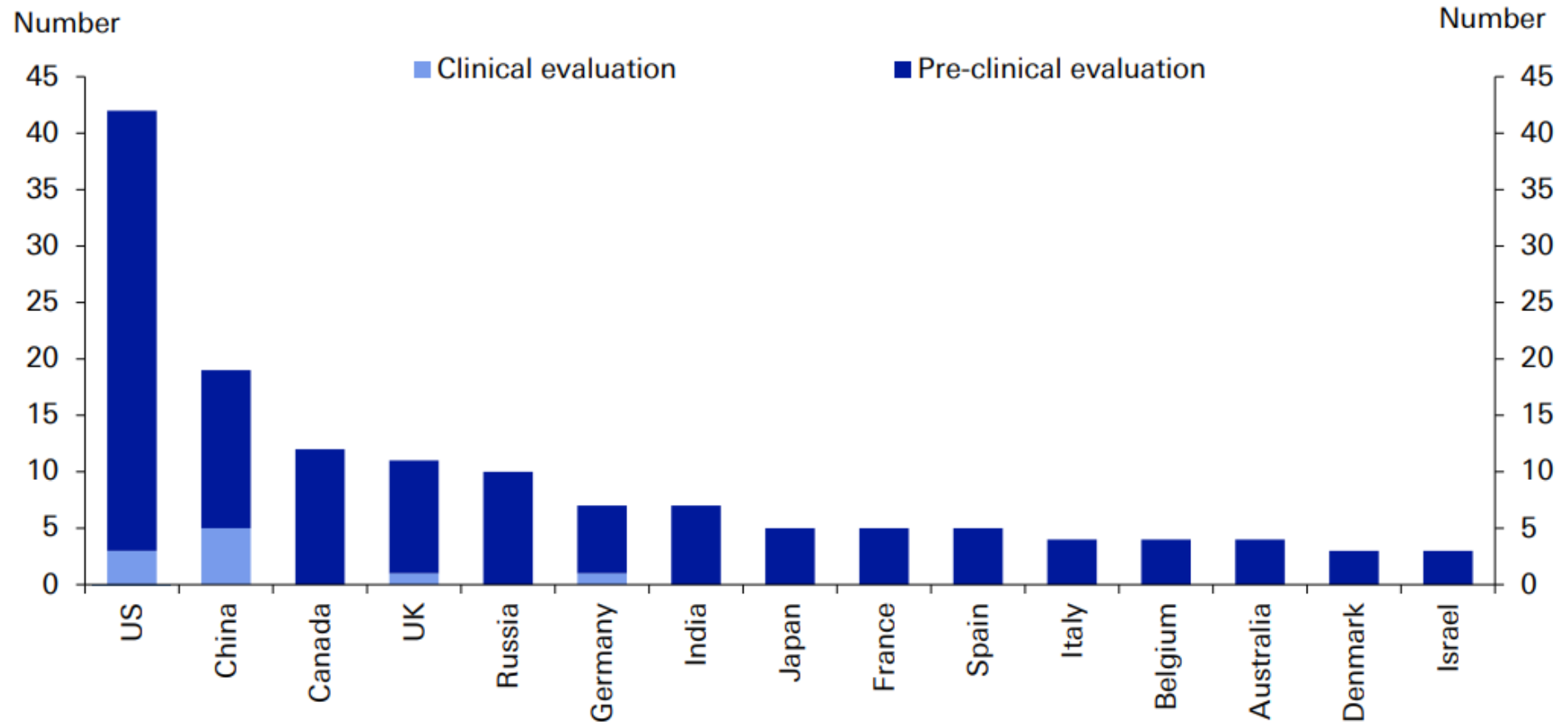


Source: Wall Street Journal (left chart), Federal Reserve, S&P Dow Jones (right chart). The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index.

Past performance is not indicative of future results.



Number of COVID-19 vaccine trials



Note: Data as of June 2020.



History of Attractive Risk Adjusted Returns

- 4-year history of above benchmark performance and below average risk resulting in attractive upside and downside participation*

Performance-Focused, Active and Flexible

- We believe high active share and strong conviction provides significant alpha potential with unconstrained idea generation across market capitalization, benchmark, and style spectrums

Consistent Team, Philosophy, and Process

- Seasoned and stable investment framework and platform with committed portfolio management since inception

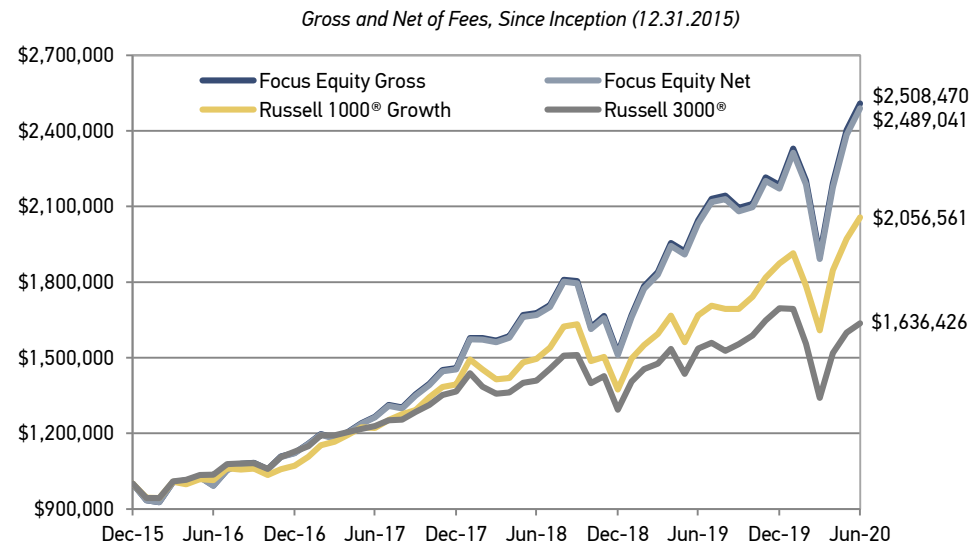
Long-Term Focus and Tax Efficiency

- Enables time horizon arbitrage when other investors may be focused on short-term results, while low turnover (historically <25%) reduces transaction costs and tax impact

Risk Management

- Our due diligence discipline, flat collaborative organization, and proprietary internal control overlay are designed to mitigate risk

Growth of \$1 Million



As of 06.30.2020. 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. 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, Morningstar.

*See Up/Down Market Capture on slide 15.

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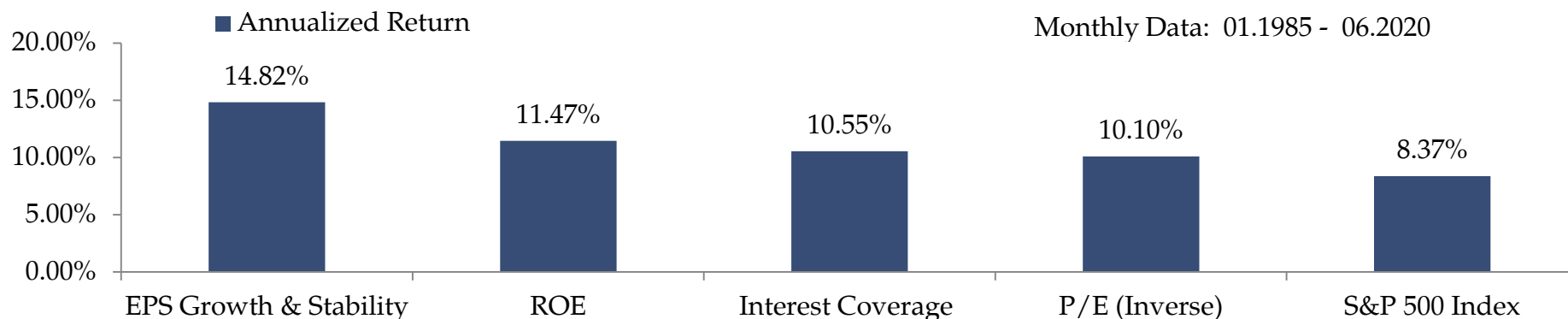
We Target Companies We Believe Can Generate Double Digit Returns With:

- Strong Businesses with Visible Reinvestment Opportunities
- Talented Management
- Exposure to the four pillars: operating growth, strong balance sheets, high profitability, and attractive valuation

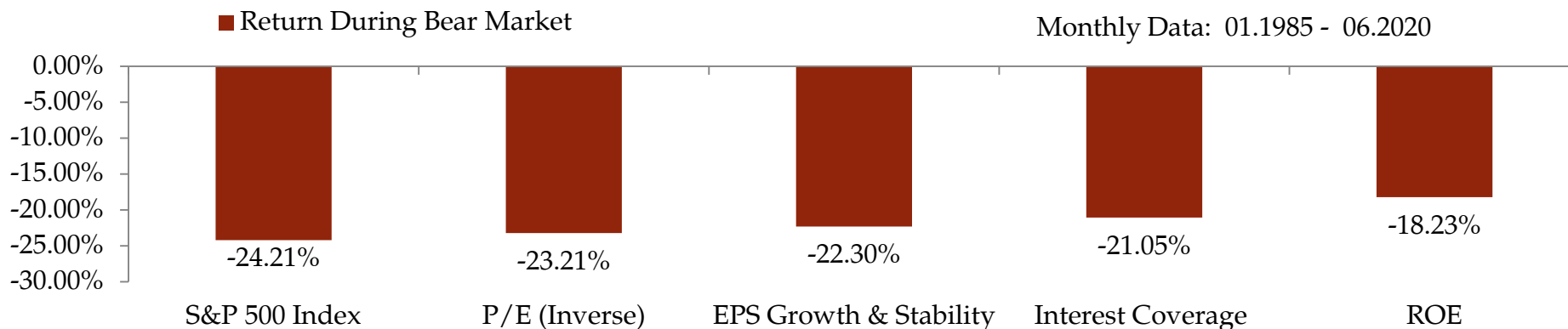


Seek Capital Appreciation and Risk Reduction by Constructing Portfolios with Attractive Valuations (P/E), Robust Operating Growth (EPS Growth/Stability), High Profitability (ROE), & Strong Balance Sheets (Interest Coverage)

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 06.30.2020. 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.

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Microsoft

Industry Leader:

Leader in business software with Windows (500M Users), Office 365 (100M Users), Outlook, Exchange, & SharePoint

Niche Dominator:

LinkedIn dominates business social media with 500M members. Azure is 2nd in enterprise cloud computing. Xbox Live has 53M active members

Mission Critical:

Mission Critical to enterprise customers that utilize Microsoft's business software, cloud platform, online recruiting, artificial intelligence, and augmented reality

Quality Compounder:

\$133B+ in cash on balance sheet, \$43B in operating cash flow, 11%+ EPS growth, & \$3.8B stock buy-back, 1.6% dividend yield

Misunderstood:

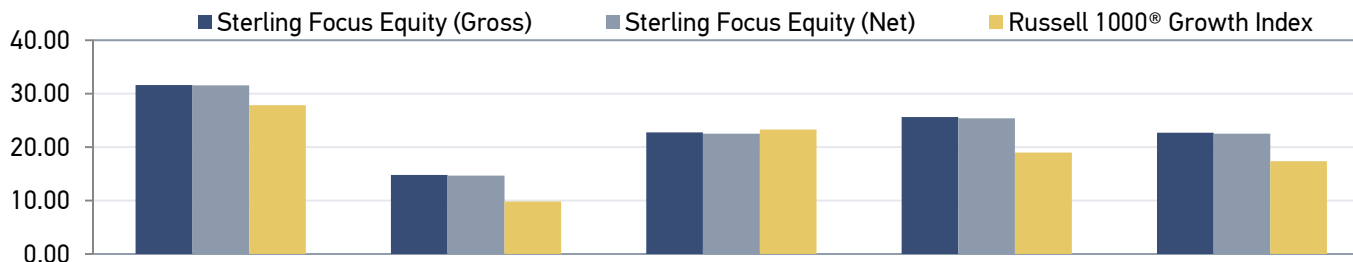
Adjusting for R&D investments, EPS growth & cash, MSFT long-term total return remains attractive

Disrupter:

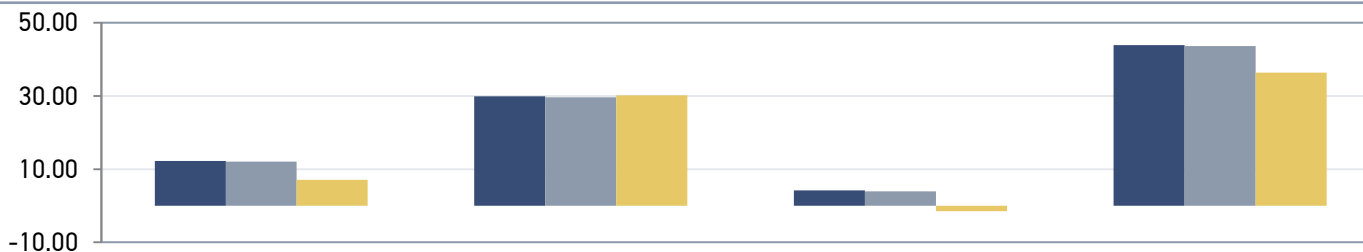
Azure (cloud), LinkedIn (Online recruiting), HoloLens (3-D Visualization), Artificial Intelligence, Big Data, and Internet of Things



Focus Equity Performance History



Performance	QTR	YTD	1 Year	3 Year	Since Inception*
Sterling (Gross)	31.61%	14.78%	22.73%	25.61%	22.69%
Sterling (Net)	31.54%	14.67%	22.49%	25.38%	22.48%
Russell 1000® Growth	27.84%	9.81%	23.28%	18.99%	17.39%
Russell 3000®	22.03%	-3.48%	6.53%	10.04%	11.57%



Year-End Returns	2016	2017	2018	2019
Sterling (Gross)	12.23%	29.89%	4.15%	43.95%
Sterling (Net)	12.06%	29.68%	3.96%	43.68%
Russell 1000® Growth	7.08%	30.21%	-1.51%	36.39%
Russell 3000®	12.74%	21.13%	-5.24%	31.02%

*Inception date is 12.31.2015.

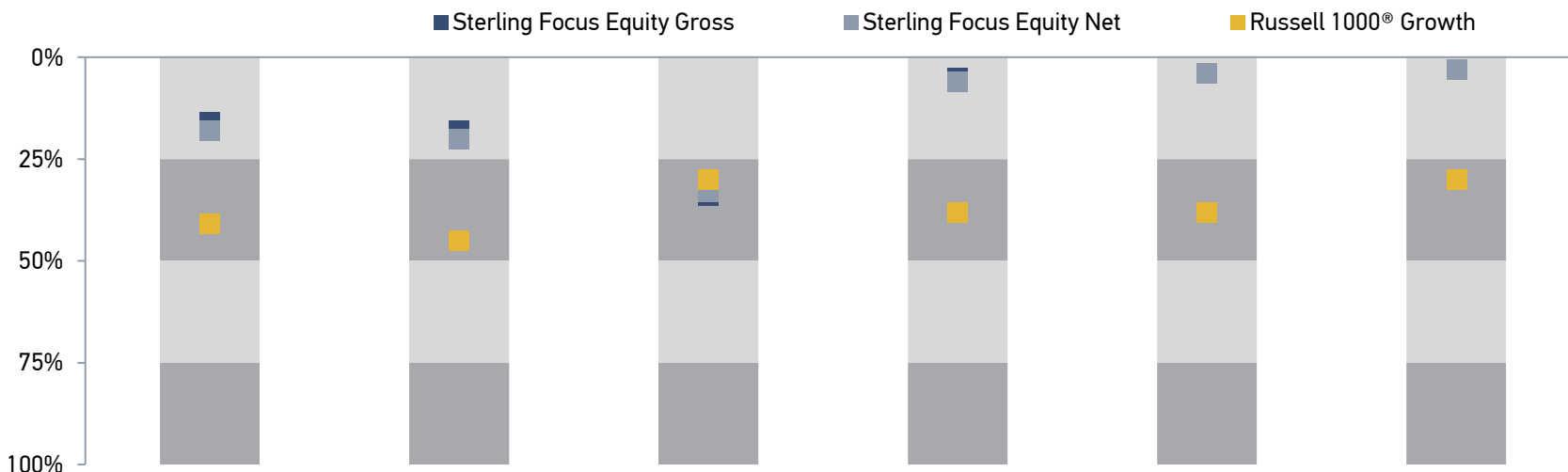
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Sterling Focus Equity

Quarterly Returns (Gross and Net of Fees) Since Inception (12.31.2015)



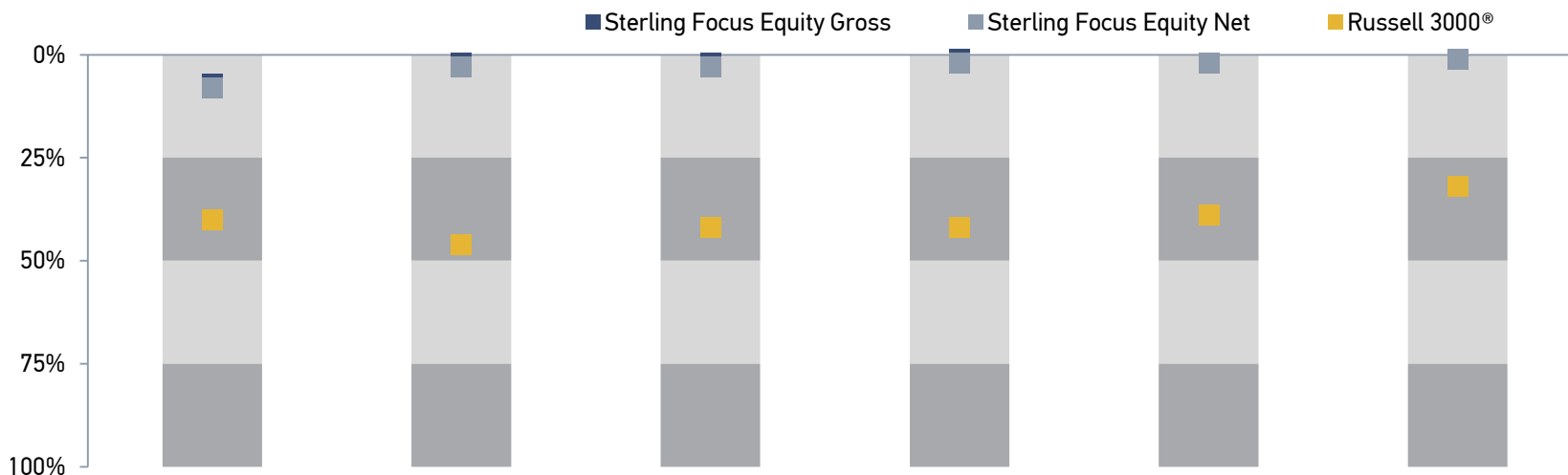
	QTR Return	QTR Rank	YTD Return	YTD Rank	1-Year Return	1-Year Rank	2-Year Return	2-Year Rank	3-Year Return	3-Year Rank	Since Inception Return	Since Inception Rank
Median Gross	26.91%		8.98%		20.02%		16.10%		17.65%		16.05%	
Median Net	26.86%		9.08%		20.01%		15.65%		17.40%		15.46%	
Sterling Focus Equity Gross	31.61%	16	14.77%	18	22.71%	34	22.32%	5	25.61%	4	22.68%	3
Sterling Focus Equity Net	31.55%	18	14.67%	20	22.48%	33	22.09%	6	25.39%	4	22.46%	3
Russell 1000® Growth	27.84%	41	9.81%	45	23.28%	30	17.27%	38	18.99%	38	17.38%	30

Data as of 06.30.2020. The Focus Equity universe is the eVestment U.S. Large Cap Growth Equity universe. All information has been obtained from sources considered to be reliable, but accuracy and completeness cannot be guaranteed. Neither the information presented nor any opinion expressed constitutes a representation by eVestment Analytics or a solicitation of the purchase or sale of any securities. The inclusion or omission of any firm or service herein shall not be deemed a recommendation by eVestment Analytics for or against the use thereof. Net of fees performance returns are preliminary and are presented net of the investment management fees and trading expenses. 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 and unrealized capital gains and losses. 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, eVestment Analytics, Sterling Capital Management Analytics.



Sterling Focus Equity

Quarterly Returns (Gross and Net of Fees) Since Inception (12.31.2015)



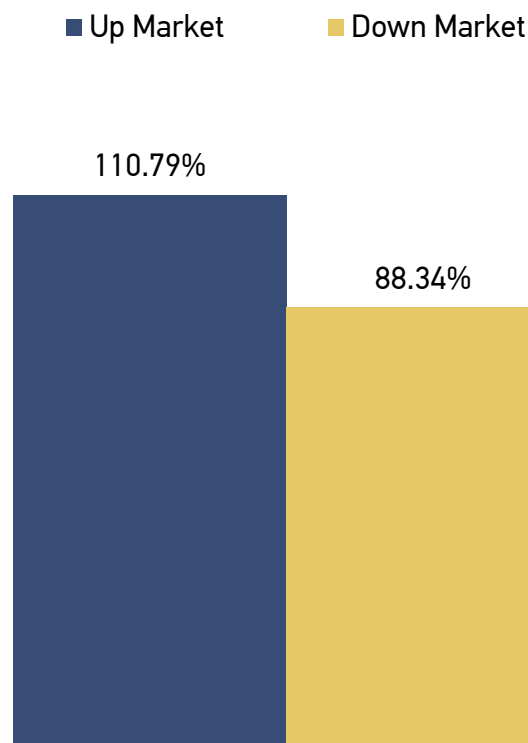
	QTR Return	QTR Rank	YTD Return	YTD Rank	1-Year Return	1-Year Rank	2-Year Return	2-Year Rank	3-Year Return	3-Year Rank	Since Inception Return	Since Inception Rank
Median Gross	21.04%		-4.22%		5.36%		6.94%		9.17%		10.55%	
Median Net	21.29%		-4.47%		4.90%		6.40%		8.29%		9.74%	
Sterling Focus Equity Gross	31.61%	7	14.77%	2	22.71%	2	22.32%	1	25.61%	2	22.68%	1
Sterling Focus Equity Net	31.55%	8	14.67%	3	22.48%	3	22.09%	2	25.39%	2	22.46%	1
Russell 3000®	22.03%	40	-3.48%	46	6.53%	42	7.75%	42	10.04%	39	11.57%	32

Data as of 06.30.2020. The Focus Equity universe is the eVestment U.S. All Cap Core Equity universe. All information has been obtained from sources considered to be reliable, but accuracy and completeness cannot be guaranteed. Neither the information presented nor any opinion expressed constitutes a representation by eVestment Analytics or a solicitation of the purchase or sale of any securities. The inclusion or omission of any firm or service herein shall not be deemed a recommendation by eVestment Analytics for or against the use thereof. Net of fees performance returns are preliminary and are presented net of the investment management fees and trading expenses. 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 and unrealized capital gains and losses. 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, eVestment Analytics, Sterling Capital Management Analytics.



Sterling Focus Equity *Gross of Fees, Since Inception (12.31.2015)*

Summary Statistics vs. Russell 1000® Growth Index (of Monthly Returns)	
Alpha	4.12
Beta	1.04
R Squared	0.86
Tracking Error	6.51
Standard Deviation	17.30
Information Ratio	0.81
Up Market Capture Ratio	110.79%
Down Market Capture Ratio	88.34%



Data as of 06.30.2020. Index is Russell 1000® Growth. 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 is annualized for periods longer than one year. Gross of fees performance returns reflect the deduction of trading costs; a client's return will be reduced by the management fees and other expenses it may incur. Investment management fees are described in Sterling's Form ADV 2A. Performance reflects the reinvestment of interest income and dividends and realized capital gains. The performance presented represents past performance and is no guarantee of future results. Performance is compared to an index, however, the volatility of an index varies greatly and investments cannot be made directly in an index. Market conditions vary from year to year and can result in a decline in market value due to material market or economic conditions. The Performance and Up Market/Down Market Capture Ratio are considered Supplemental Information to the Composite Disclosure Presentation located in the APPENDIX. Source: Russell Investments, Morningstar, Sterling Capital Management Analytics.



Performance	QTR	YTD	1 Year	3 Year	Since Inception*
Sterling (Gross)	31.61%	14.78%	22.73%	25.61%	22.69%
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Q2 Top 5 Contributors:

- Coupa Software (+98%)
- Apollo Global Management (+50%)
- Veeva Systems (+50%)
- Kinsale Capital Group (49%)
- IDEXX Laboratories (36%)

Q2 Bottom 5 Detractors:

- Okta (-2%) - New Purchase
- Brookfield Asset Management (+12%)
- CoStar Group (+21%)
- Alphabet (+22%)
- MasterCard (+23%)

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.

**Inception date is 12.31.2015. Data as of 06.30.2020. 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. Gross of fees performance returns reflect the deduction of trading costs; a client's return will be reduced by the management fees and other expenses it may incur. Investment management fees are described in Sterling's Form ADV 2A. Performance reflects the reinvestment of interest income and dividends and realized capital gains. The performance presented represents past performance and is no guarantee of future results. Performance is compared to an index, however, the volatility of an index varies greatly and investments cannot be made directly in an index. Market conditions vary from year to year and can result in a decline in market value due to material market or economic conditions. The Performance is considered Supplemental Information to the Composite Disclosure Presentation located in the APPENDIX. Sources: Russell Investments, Sterling Capital Management Analytics.*



Recent Research Observations: How Difficult is this Pandemic Backdrop?

- “I never had a context for a pandemic. Everything is a surprise. It has been one of the most difficult to predict quarters in my decades of experience.”
– CoStar Group CEO Andrew Florance
- “Second quarter of 2020 was one of the most difficult periods I have experienced in my career.” – Old Dominion CEO Greg Gantt
- “Several months [of the] pandemic [have] impacted every aspect of our society and we remain focused on supporting our...partners to help them navigate through what I think are completely unprecedented times.”
– Mastercard CEO Ajay Banga
- “We need to build inventory...and we've run out of space. So we've got our hands full on that challenge.” – Amazon CFO Brian Olsavsky

All quotes listed are sourced from Q2.2020 company earnings call transcripts.

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Recent Research Observations: How are Focus Equity Companies Capitalizing?

- “One of the first things that drives [our] positive sales result in the face of just astoundingly negative economic conditions is the fact that...people don't cancel their [CoStar] because things are going poorly. So in a rough environment, when you're lost in the woods [CoStar] is your compass to try to find your way out and...you've got a...\$100 million property and [CoStar] is costing you a couple of thousand dollars a year. So ...when you discover you are lost in the woods. That's not the time you throw out your compass. So that's a critical fact.” – CoStar Group CEO Andrew Florance
- “This quarter marks the achievement of a significant milestone as Apollo's AUM grew by approximately \$100 billion to surpass \$400 billion for the first time in our history...and represents 33% growth year over year...gross purchases were \$45 billion across the platform.” – Apollo CEO Leon Black
- “Our growth is being enhanced by a growing level of dislocation within the P&C market. After many years of intense competition, some competitors are experiencing adverse results and are withdrawing capacity, canceling some programs, raising prices, et cetera. We expect this dislocation to continue thereby allowing Kinsale to grow at an elevated rate perhaps through 2021.” – Kinsale Capital CEO Mike Kehoe
- “In 2019, we increased network square footage by approximately 15%. This year, we expect a meaningfully higher year-over-year square footage growth of approximately 50%.” – Amazon CFO Brian Olsavsky
- “We've seen a...V-shaped recovery, vet clinics back online, very positive feedback on demand.” – IDEXX Labs CFO Brian McKeon

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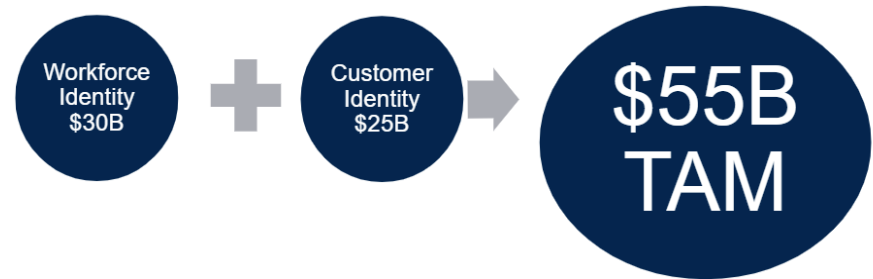
What Attracted Us to Stock?

- Industry Leader: Leading identity management platform for enterprise, a rapidly growing market
- Mission Critical: Customers can't operate without Okta's products and services, leading to 92.9% subscription revenue, and more consistent cash flow growth
- Niche Dominator: Leader in "zero trust" and cloud security, which requires continuous authentication, and allows for users to securely access the network anywhere
- Disruptor: Conservative estimate for Okta's market is \$20 billion, which provides significant market share opportunity for Okta given its forward-year revenue of <\$1 billion. Okta is >2x larger, and growing faster than its biggest independent competitor

Pillars

- Growth/Stability:
 - Revenue Growth of +46% year-over-year in Q2/2020
 - Gross Income: +49% year-over-year in Q2/2020
- Profitability: Gross margin of 75.0% may approach 79.0% in 2023, while operating margin may turn positive in 2023 as Okta scales operations. Profitability will remain low in short-term as management reinvests cash to grow the business
- Balance Sheet: Net cash of \$300M
- Valuation: 22.5x 2022 estimated sales is in-line with SaaS peers, but long-term valuation metrics appear attractive. Higher valuation justified due to high double digit growth

How Okta Views its TAM:



Source: Company Reports

Workforce Identity	Customer Identity
77% of total ACV	23% of total ACV
41% y/y growth rate	68% y/y growth rate

Source: Company Reports



Sterling Focus Equity

Portfolio Characteristics		
	Sterling	Index
Wtd. Average Market Cap	\$314.9B	\$575.2B
Wtd. Median Market Cap	\$51.5B	\$200.1B
Wtd. Harmonic Median P/E Ratio (FY1)	39.4x	35.8x
Median Historical 3-Year EPS Growth	30.6%	18.7%
Median Est. 3-5 Year EPS Growth	13.3%	11.1%
Median Net Debt/EBITDA	0.4	1.3
Median Return on Equity	20.7%	18.2%
Number of Holdings	22	435
Active Share	76.8%	---
Turnover	32.3%	---

Top Ten Equity Holdings	
1. Moody's Corporation	9.1%
2. Microsoft Corporation	8.8%
3. Mastercard Incorporated Class A	8.5%
4. S&P Global, Inc.	6.3%
5. CoStar Group, Inc.	5.7%
6. IDEXX Laboratories, Inc.	5.7%
7. HEICO Corporation Class A	4.7%
8. Alphabet Inc. Class C	4.5%
9. Amazon.com, Inc.	4.4%
10. Old Dominion Freight Line, Inc.	4.0%
<i>Total % of Portfolio</i>	<i>61.8%</i>

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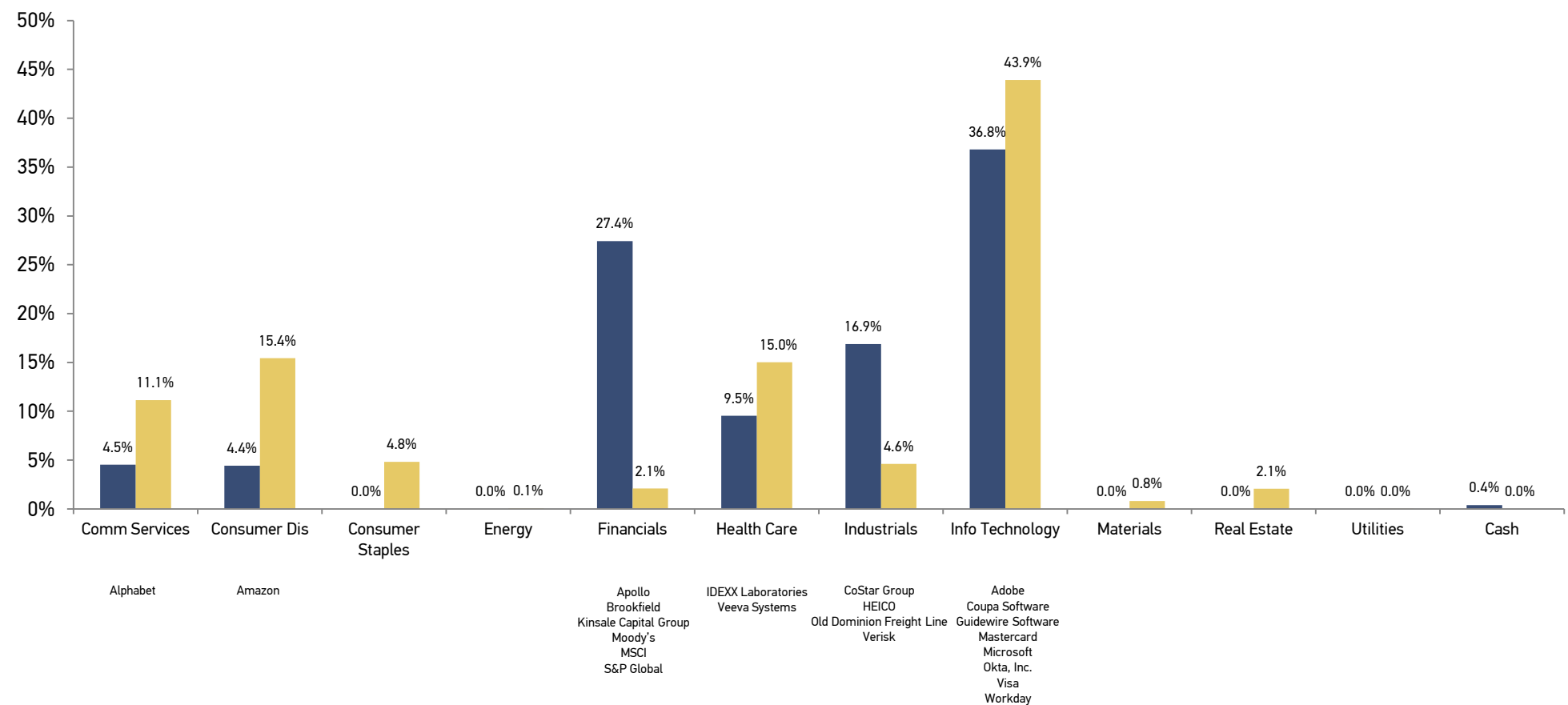


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Focus Equity is Built to Differ from the Benchmark

Sterling Focus Equity

■ Sterling Focus Equity ■ Russell 1000® Growth Index



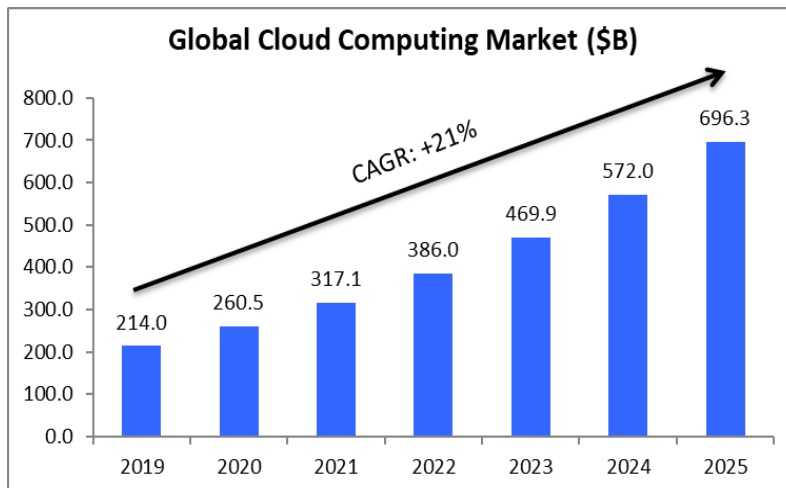
Data as of 06.30.2020. Totals may not equal 100% due to rounding. Specific securities identified and described do not represent all of the securities purchased, sold or recommended to clients. There are no assurances that securities identified will be profitable investments. The securities described 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. Source: Russell Investments, FactSet, Sterling Capital Management Analytics.

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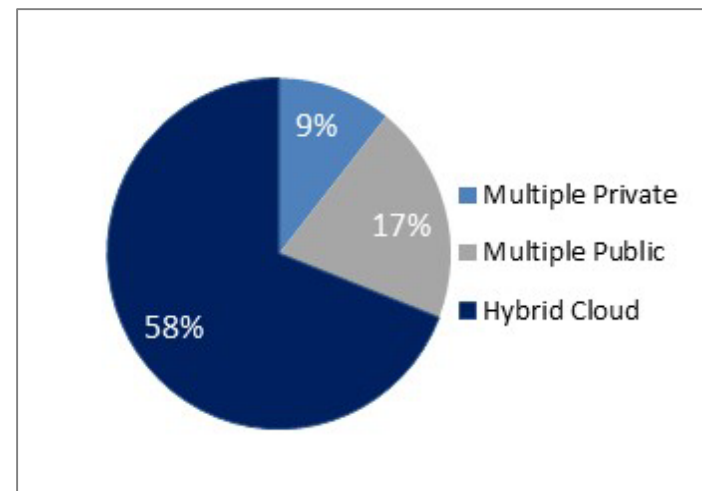


Cloud, Infrastructure as a Service (IaaS), Platform as a Service (PaaS) and Software as a Service (SaaS)

- The global cloud computing market size is expected to grow from \$214B in 2018 to \$696B by 2025, at a CAGR of +21%*
- IaaS, PaaS, and SaaS solutions are helping enterprises in enhancing infrastructure scalability and performance by automating tasks, reducing costs, and increasing returns on investments without having to pay for the construction of the physical IT and software infrastructure
- 84% of enterprises with 1,000 employees or more already employ a multi-cloud strategy**
- Sterling Focus Equity portfolio holdings as of 06.30.2020: Adobe, Alphabet, Amazon, CoStar Group, Coupa Software, Guidewire, Microsoft, Okta, Verisk, Veeva, Workday



*Source: ADRIT Market Research, IDC, Gartner



**Source: RightScale 2019 State of the Cloud Report from Flexera

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Applications:

Adobe, CoStar, Coupa, Guidewire,
IDEXX, Moodys, Okta, S&P Global,
Veeva, Verisk, Workday

Middleware:

Amazon, Microsoft, Alphabet

Infrastructure/Base:

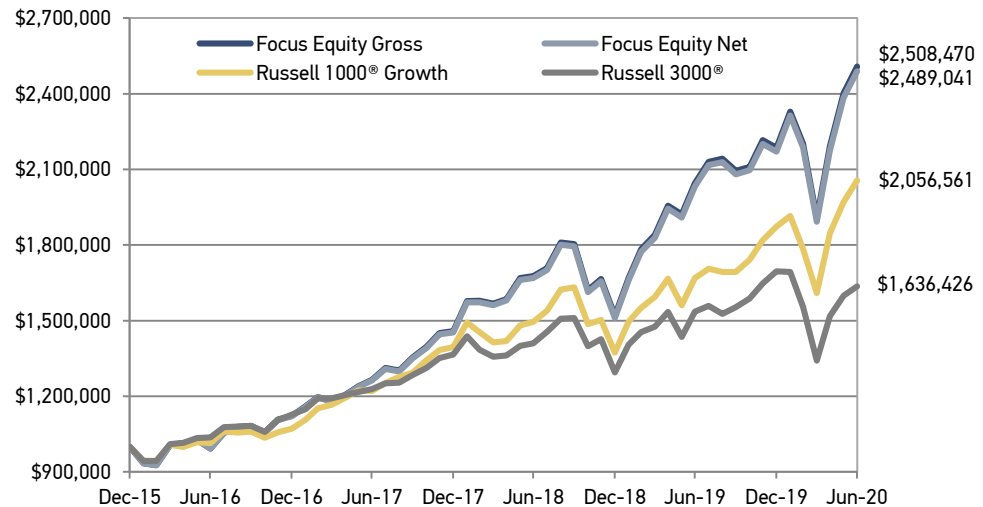
Amazon, Microsoft, Alphabet



- History of Attractive Risk-Adjusted Returns Through a Variety of Market Environments
- Diligent Portfolio Management that is Active, Flexible, and Tax-Efficient
- Institutional Investment Platform features Consistent Team and Long-Term Focus

Growth of \$1 Million

Gross and Net of Fees, Since Inception (12.31.2015)



As of 06.30.2020. 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. 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, Morningstar.

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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Q&A

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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.

S&P 500: *The S&P 500® Index is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Currently, the S&P® Composite includes 500 of the largest stocks (in terms of stock market value) in the United States; prior to March 1957 it consisted of 90 of the largest stocks. The volatility of an index varies greatly; investments cannot be made directly in an index.*

Russell 1000® Growth: *The Russell 1000® Growth Index measures the performance of growth style of investing in Large Cap U.S. stocks. The Growth Index contains those securities with greater-than-average growth orientation.*

Russell 3000®: *The Russell 3000® Index measures the performance of the largest 3,000 US companies representing approximately 98% of the investable US equity market.*

Alpha: *Alpha measures performance on a risk-adjusted basis by comparing it to the benchmark index.*

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Sterling Capital Management – Focus Equity Composite

January 1, 2016 – December 31, 2019

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

<i>Year</i>	<i>Total Return Gross of Fees</i>	<i>Total Return Net of Fees</i>	<i>No. of Portfolios</i>	<i>Total Assets End of Period (\$MM)</i>	<i>Percent of Firm Assets</i>	<i>Total Firm Assets (\$MM)</i>	<i>Composite Dispersion (%)</i>	<i>Russell 1000 Growth Index</i>	<i>Composite 3-yr St Dev (%)</i>	<i>Benchmark 3-yr St Dev (%)</i>
2019	43.95	43.68	2	0.269	0.0	58,191	not meaningful	36.39	13.79	13.07
2018	4.15	3.96	2	0.187	0.0	56,889	not meaningful	-1.51	13.77	12.13
2017	29.89	29.68	5	0.877	0.0	55,908	not meaningful	30.21	N/A	N/A
2016	12.23	12.06	4	0.452	0.0	51,603	not meaningful	7.08	N/A	N/A
Annualized Since Inception	21.59	21.38						16.98		

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. Colin Ducharme, CFA, has managed the portfolio since inception. No alterations of composites, as presented herein, have occurred due to changes in personnel or other reasons at any time.
3. Inception date of composite: December 31, 2015. Creation date: October 31, 2018. Portfolios with an allowance to fixed income securities were permitted in the composite from inception until October 31, 2018. Beginning November 1, 2018, portfolios included in the composite are not permitted to own fixed income securities. Effective 3/31/20, the appropriate benchmark for this composite was changed retroactively to inception from the Russell 3000 Index to the Russell 1000 Growth Index. The Russell 1000® Growth Index measures the performance of the large cap growth segment of the US equity universe. It includes those Russell 1000® companies with higher price-to-book ratios and higher forecasted 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. All portfolios are valued monthly as of calendar month-end and utilize trade-date and accrued income accounting. Valuations and performance are reported in U.S. dollars. Composite returns are asset weighted using the average capital base method that reflects both beginning market value and cash flows and uses the aggregate method. This method aggregates market values and cash flows for all the accounts and treats the composite as if it were one account. Composites are revalued for cash flows greater than 5%. Periodic time weighted returns are geometrically linked. Returns are not calculated net of non-reclaimable withholding taxes due to immaterial dollar amounts.
5. Gross of fees returns reflect the deduction of trading costs. Net of fee performance returns are presented after actual management fees and trading expense. The stated fee schedule is: 0.70% on the first \$25 million; 0.60% on the next \$25 million; 0.50% on the next \$25 million; and 0.40% on all amounts exceeding \$75 million on an annual basis as described in Sterling Capital Management’s Form ADV, Part 2A.
6. The annual composite dispersion presented is measured by an asset-weighted standard deviation calculation method of all portfolios in the composite for the entire year. It is not meaningful when there are less than six portfolios in the composite for the entire year. The three year annualized standard deviation measures the variability of the composite and benchmark returns over the preceding 36 month period. It is not required to be presented for annual periods prior to 2011 or when a full three years of composite performance is not yet available.
7. The performance presented represents past performance and is no guarantee of future results. Stock market conditions vary from year to year and can result in a decline in market value due to material market or economic conditions.