



STERLING
CAPITAL

**4th Quarter 2020 Market Review:
Special Opportunities SMA**

WHAT MATTERS MOST TO YOU MATTERS MOST TO US.



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- *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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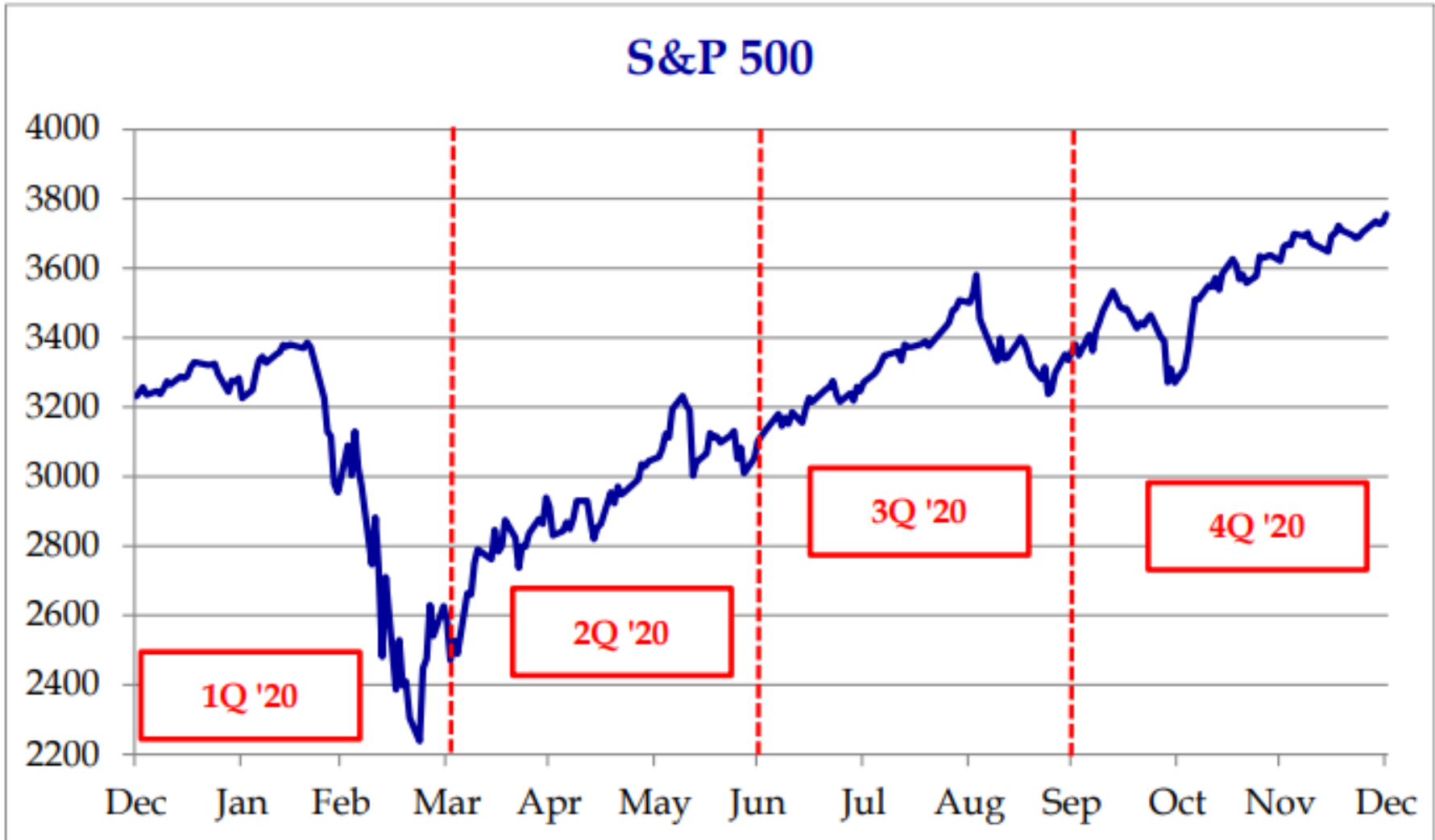
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WebEx Agenda:

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



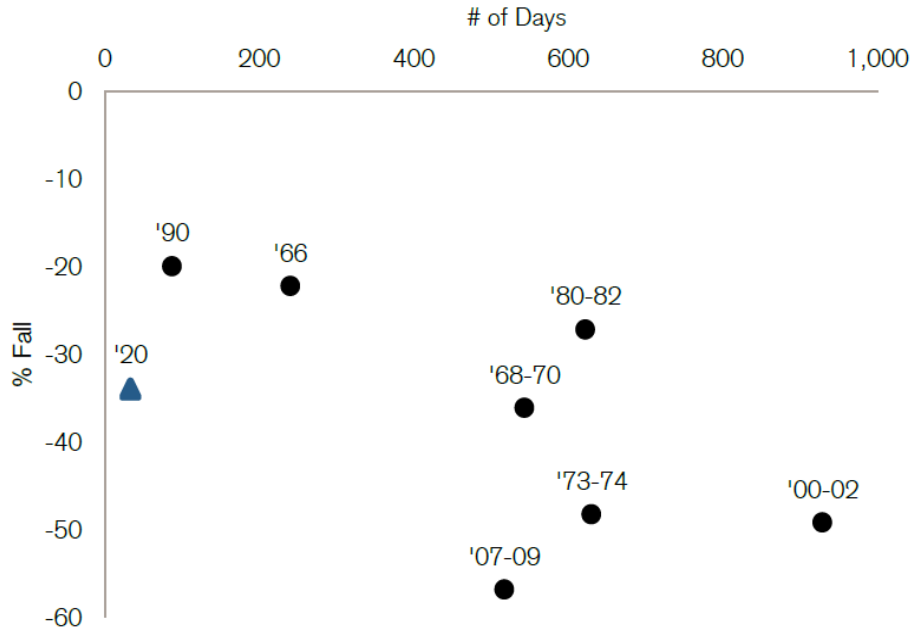
Source: Strategas Research. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods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

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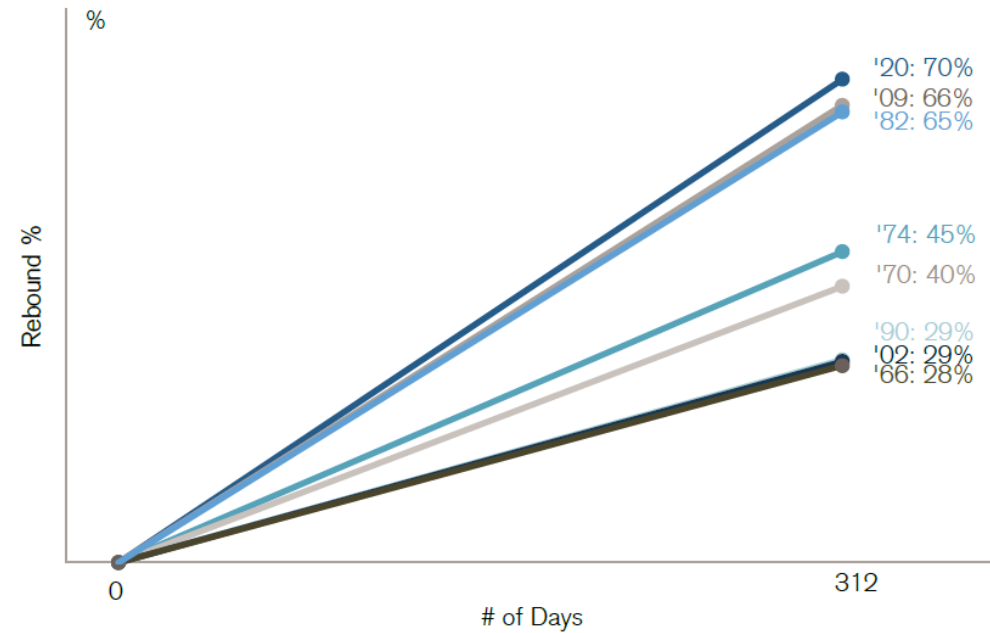
The Fastest-Ever Decline The Largest-Ever Rebound

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.



Stay Invested!
2020 Daily Volatility Only Exceeded in 2008

S&P 500[®] Index +18.40%

Russell 1000[®] Value Index + 2.80%

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

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

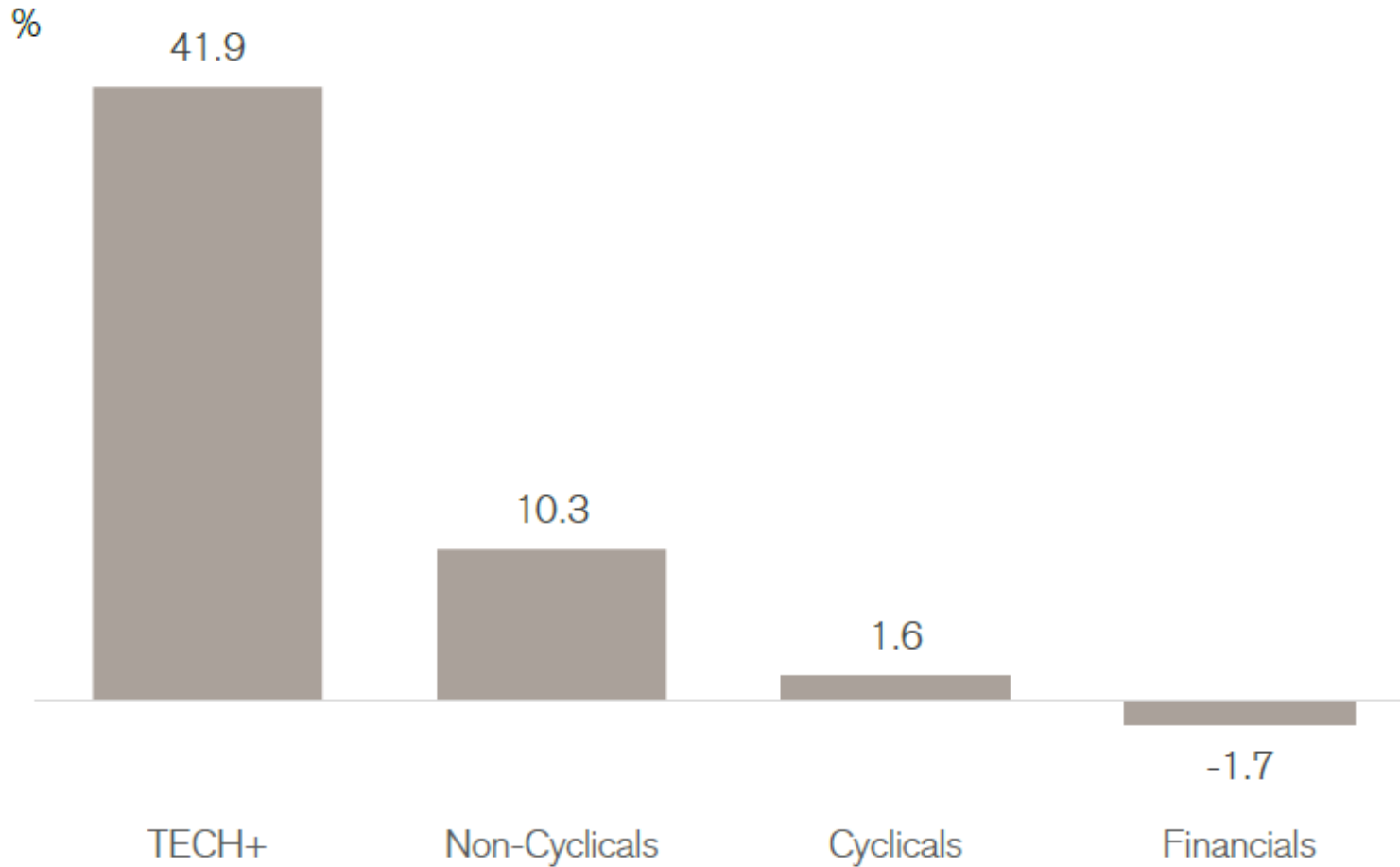
3/24 +9.38%
3/13 9.29
4/6 7.03
3/26 6.24
3/17 6.00

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

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.



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.

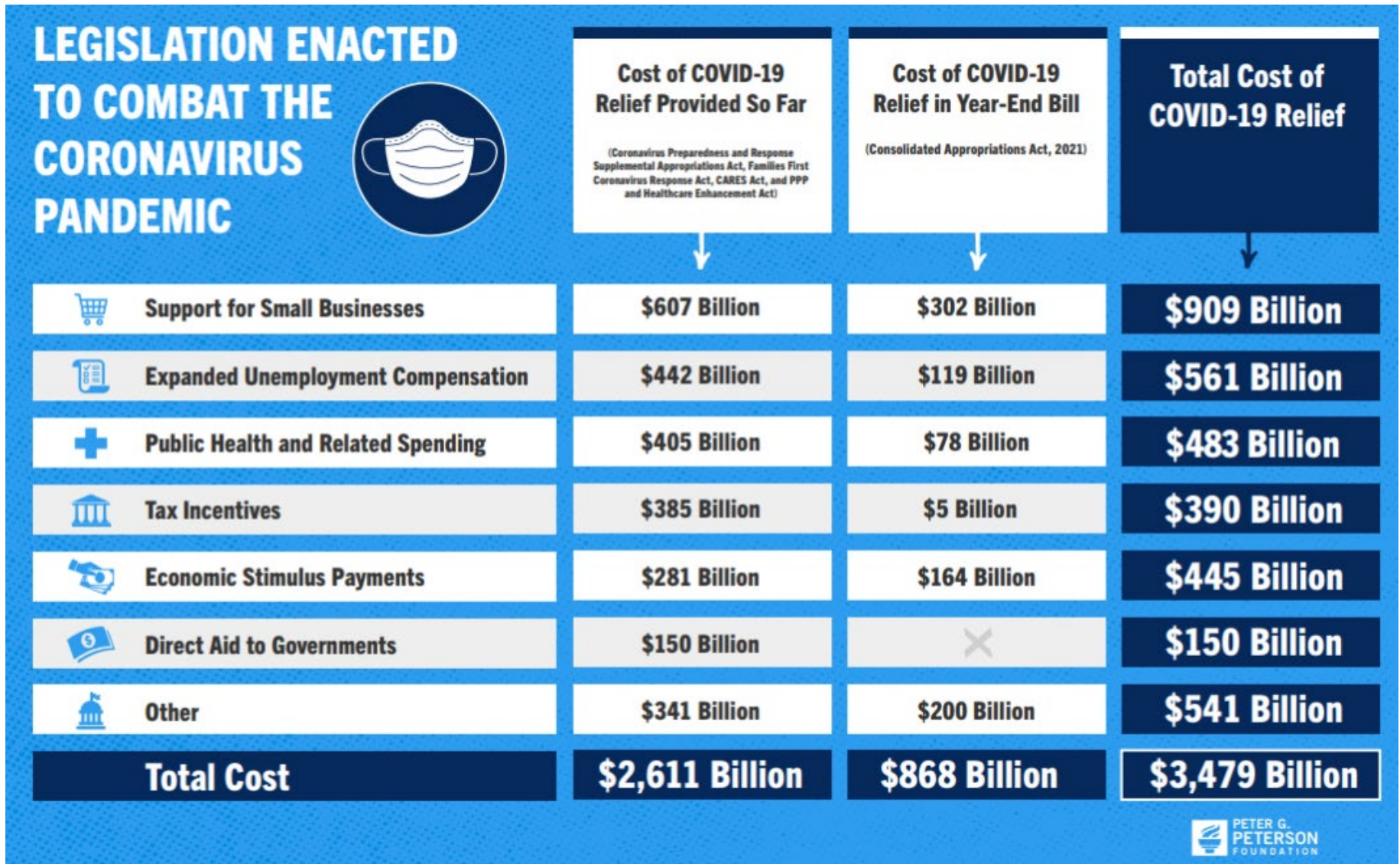


Russell Cap-Weighted Total-Return Indices 09/30/2020 to 12/31/2020				Russell Cap-Weighted Total-Return Indices 12/31/2019 to 12/31/2020			
	Value	Blend	Growth		Value	Blend	Growth
Large	14.15%	11.63%	9.82%	Large	1.64%	22.37%	39.34%
Mid	20.43%	19.91%	19.02%	Mid	4.96%	17.10%	35.59%
Small	33.36%	31.37%	29.61%	Small	4.63%	19.96%	34.63%

Russell Cap-Weighted Total-Return Indices 12/31/2020 to 02/04/2021				Russell Cap-Weighted Total-Return Indices 03/20/2020 to 02/04/2021			
	Value	Blend	Growth		Value	Blend	Growth
Large	2.63%	3.22%	3.66%	Large	53.47%	71.80%	85.40%
Mid	4.32%	4.46%	4.71%	Mid	82.41%	91.01%	102.44%
Small	10.93%	11.57%	12.16%	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.

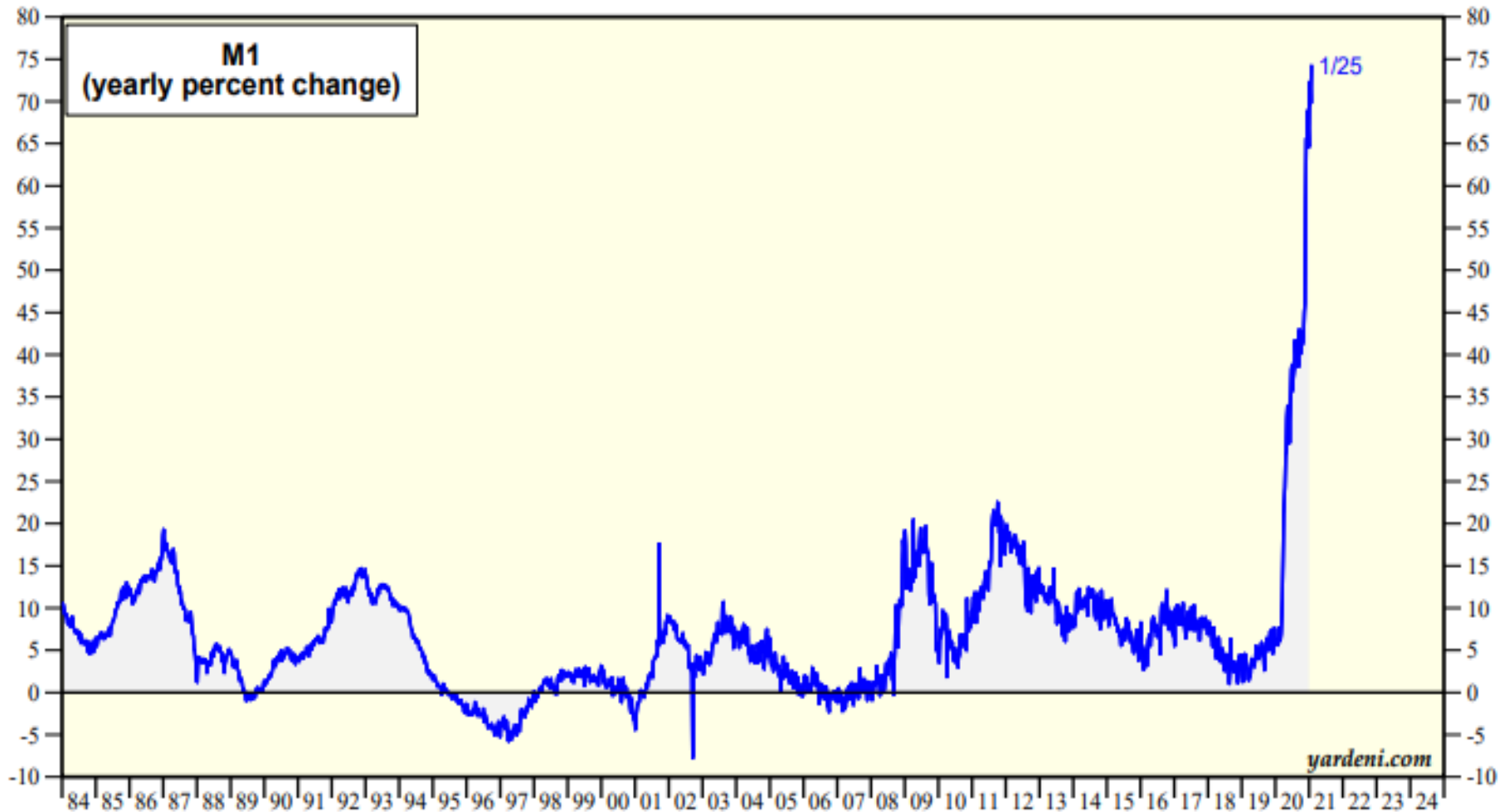
Past performance is not indicative of future results.



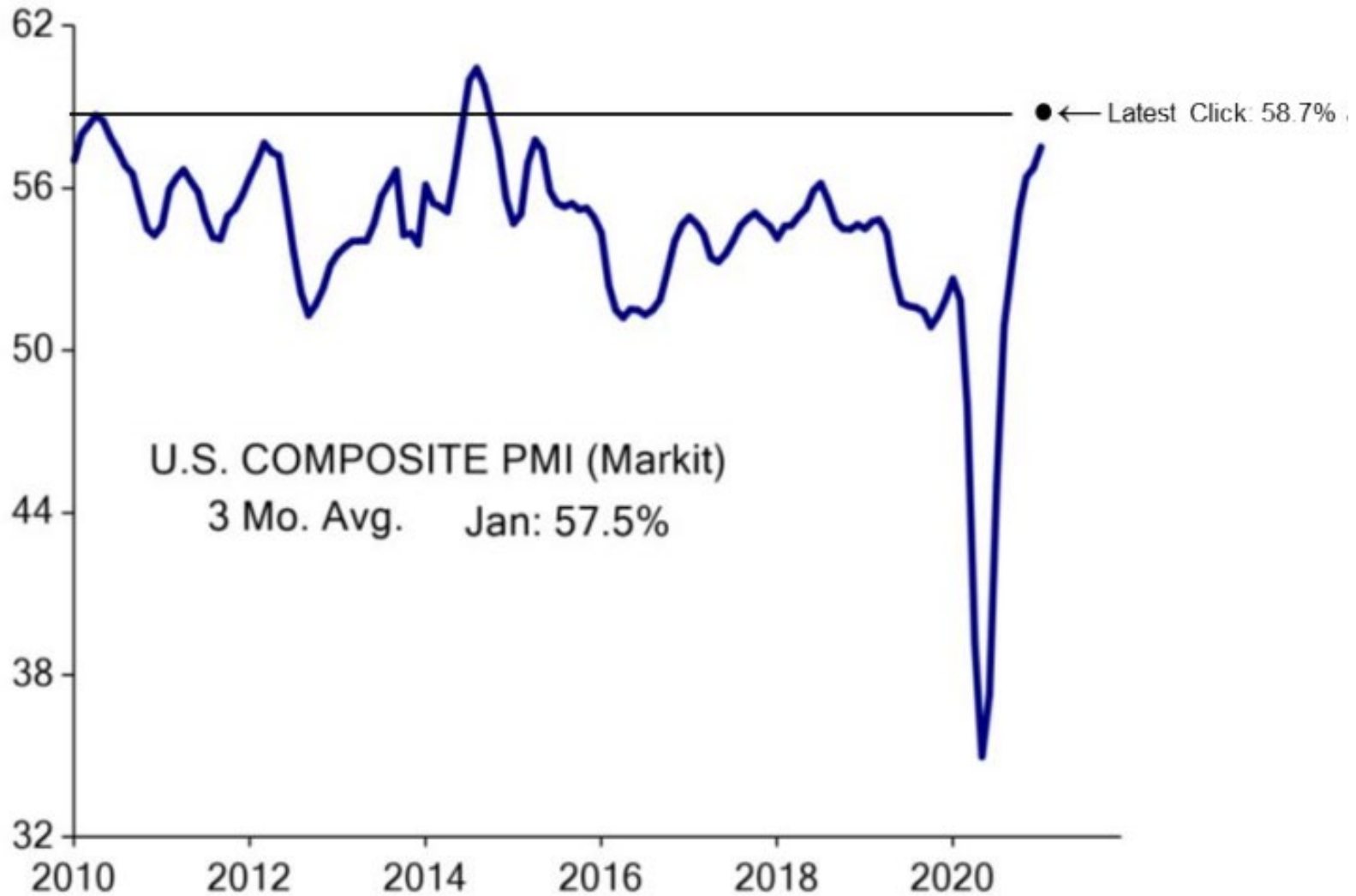
Source: Peter G. Peterson Foundation.



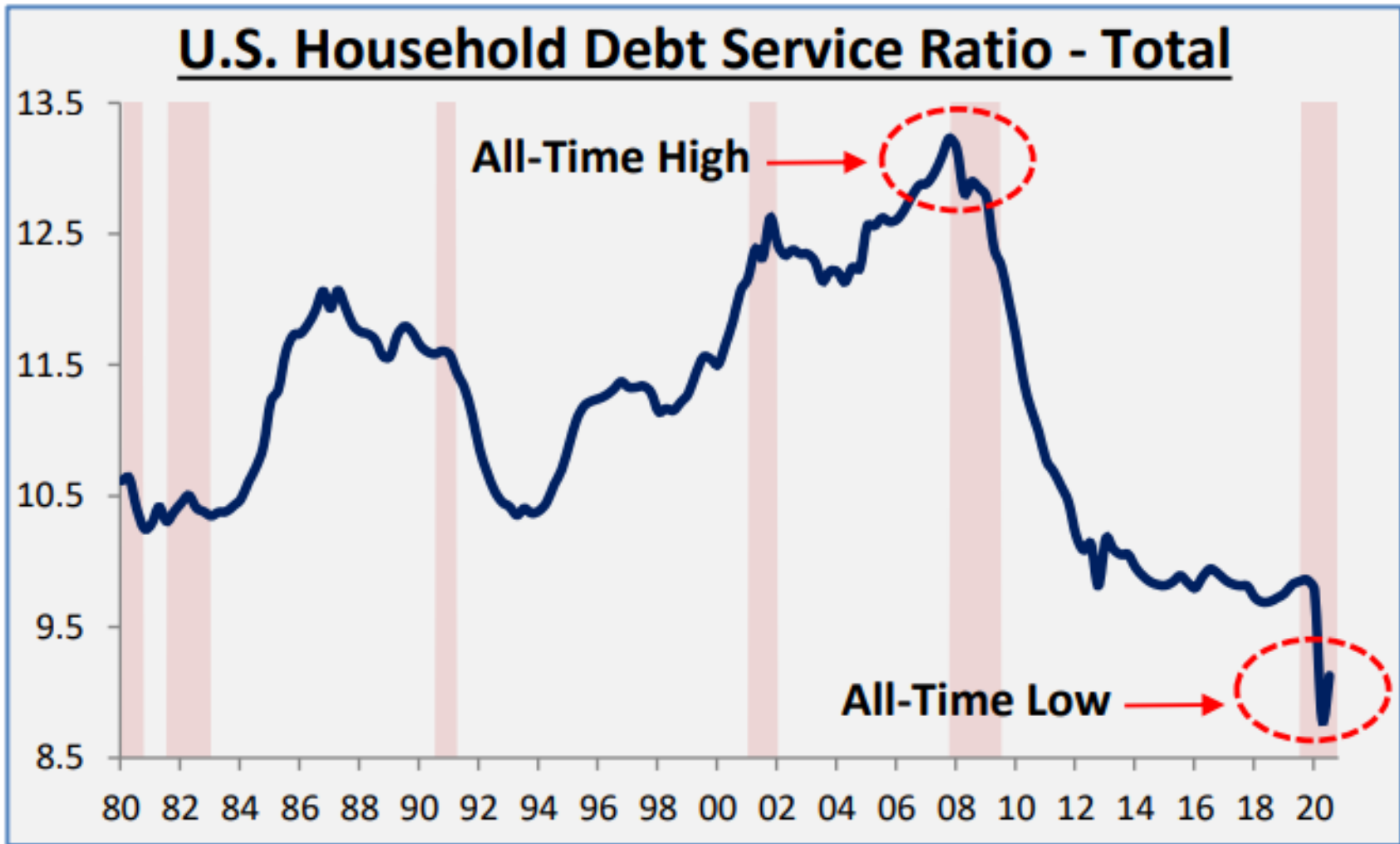
\$3.2 Trillion of Direct Monetary Support Set to Continue at \$120 Billion/Month



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



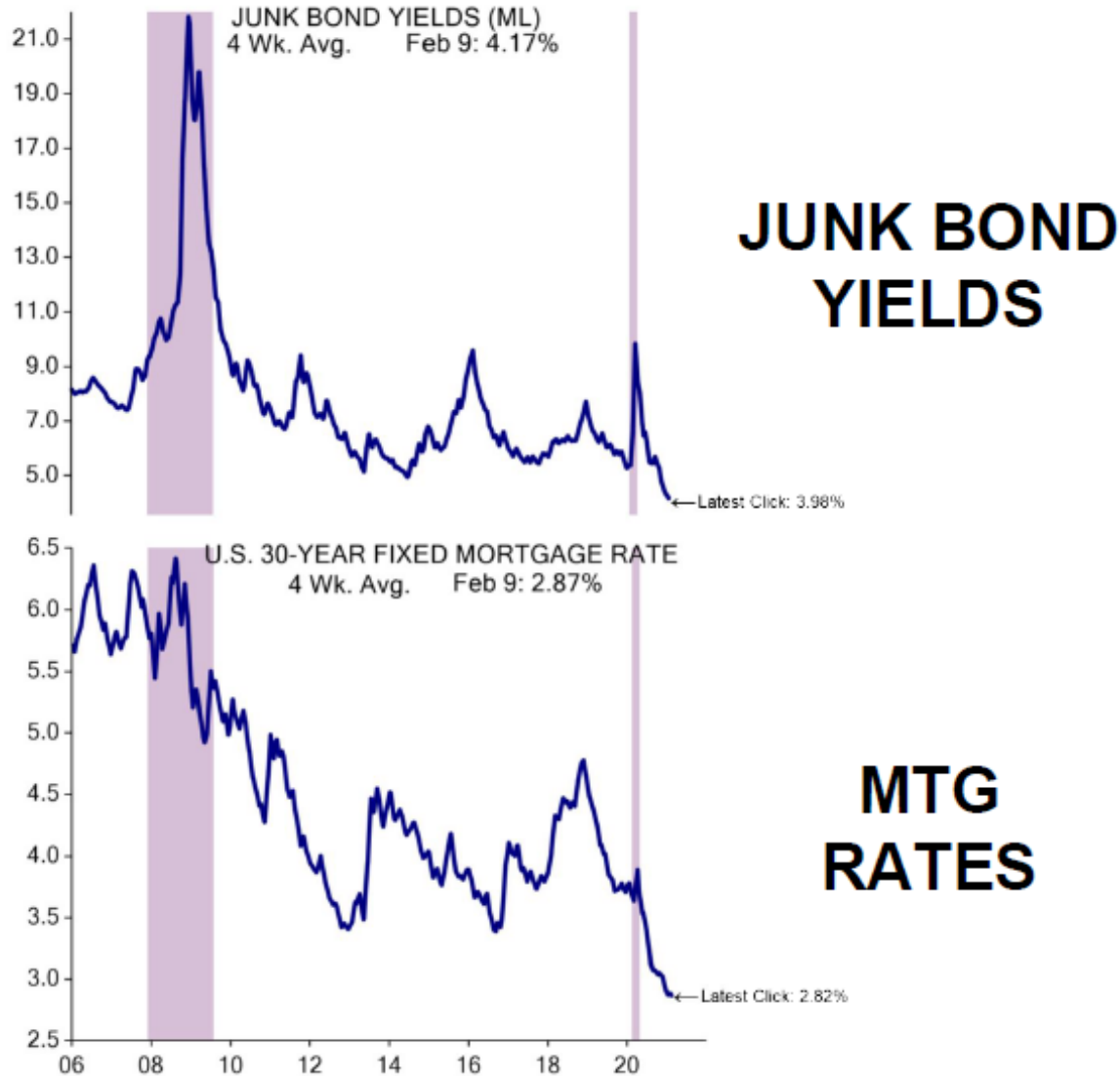
Source: Evercore ISI. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.



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.



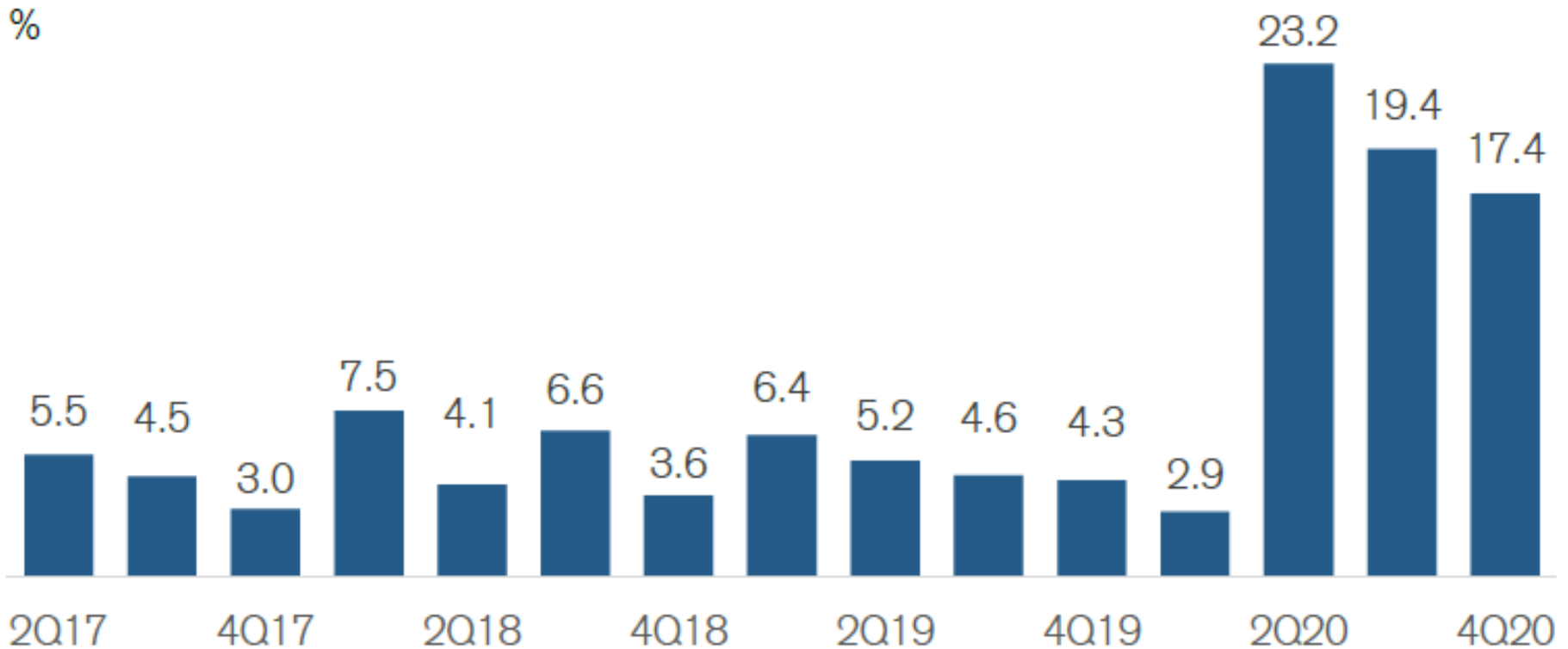
Treasury Yields Are Up 70 Bps from Their Low But These Important Rates Aren't



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.

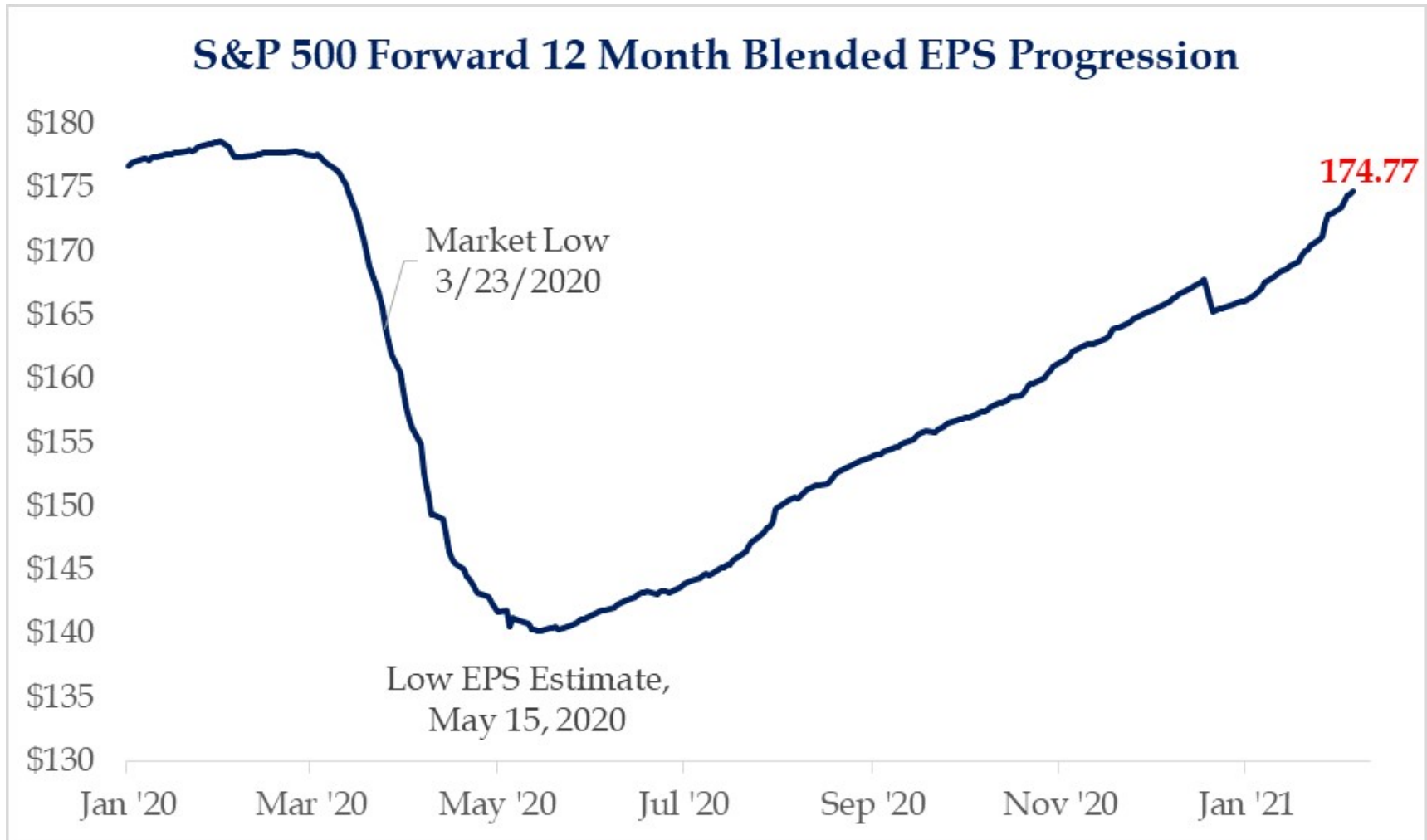


S&P 500 EPS Surprises



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.

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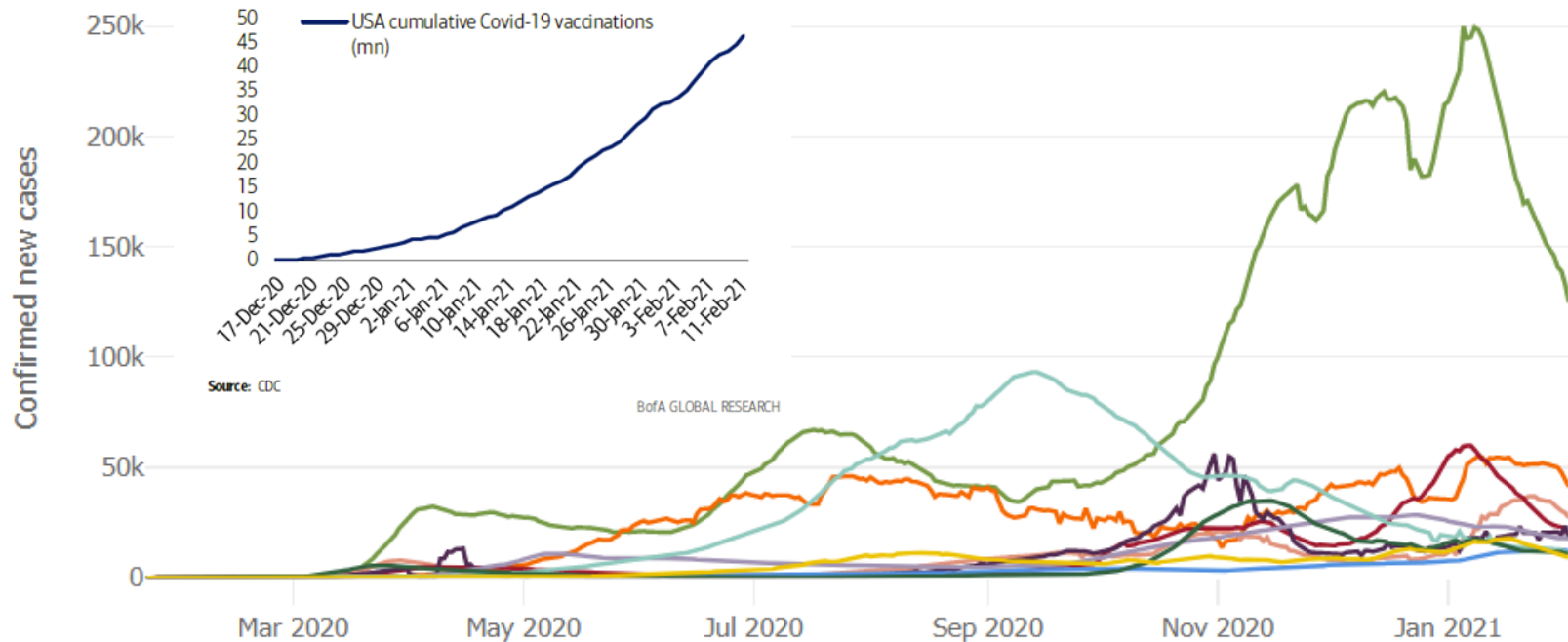
Past performance is not indicative of future results.



DAILY CONFIRMED NEW CASES (7-DAY MOVING AVERAGE)

Outbreak evolution for the current 10 most affected countries

Figure 9: 46.4mn total Covid-19 vaccinations in the US
Cumulative Covid-19 vaccinations in the US have reached 46.4mn through 2/11



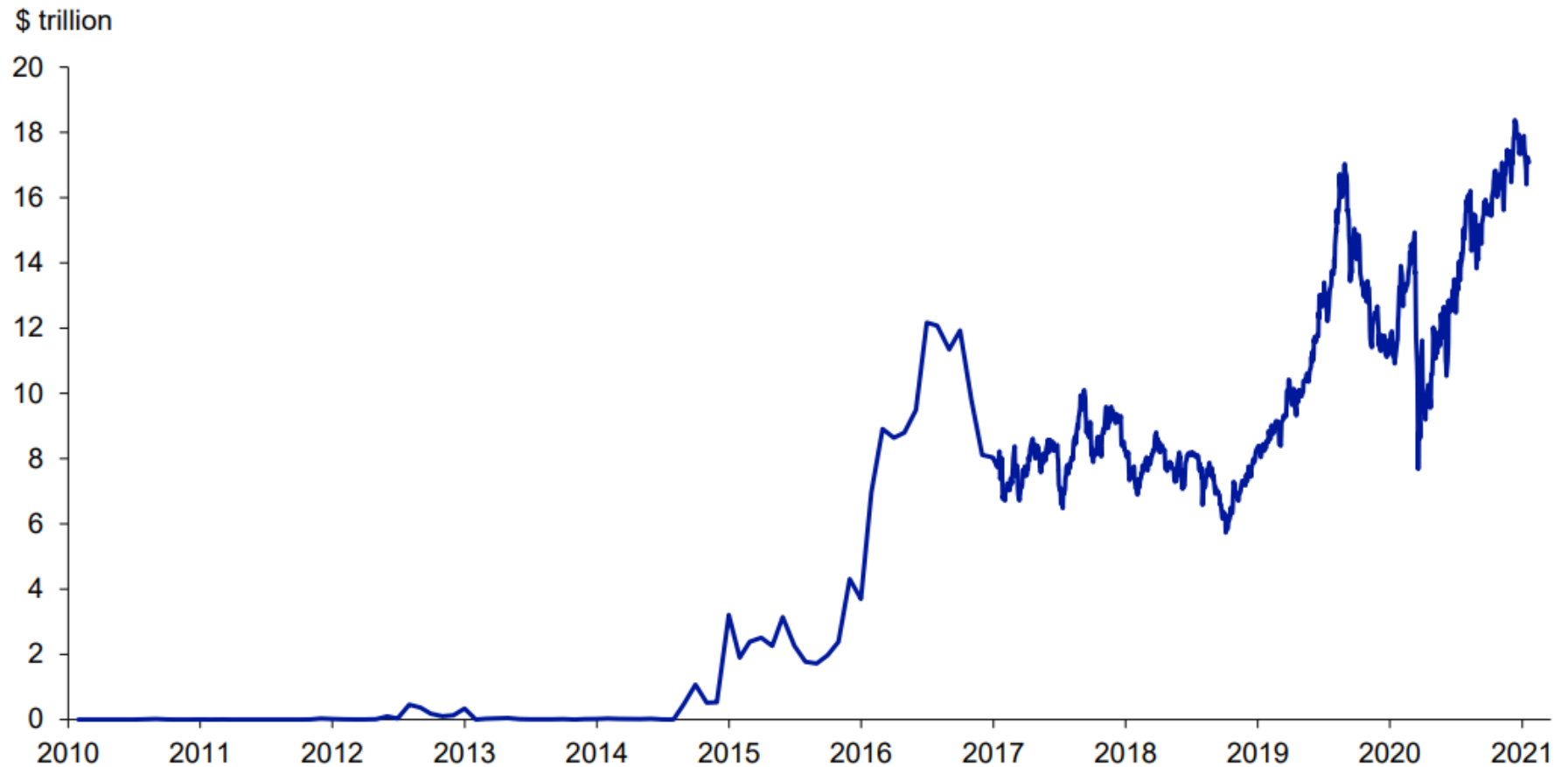
Click any country below to hide/show from the graph:

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

Source: Johns Hopkins, CDC, BofA Global Research.



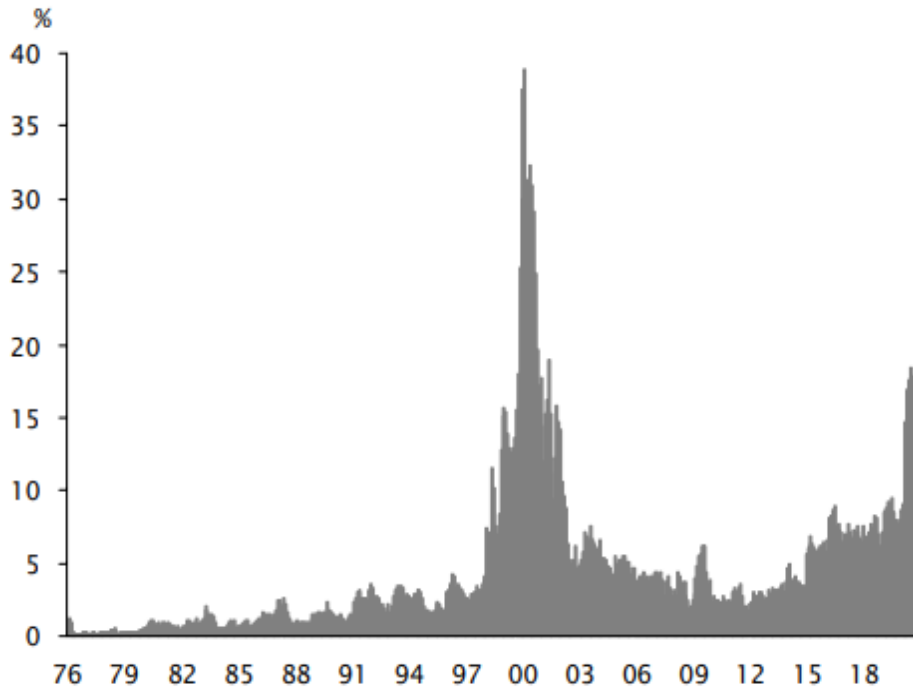
Global Aggregate Negative Yielding Debt Market Value



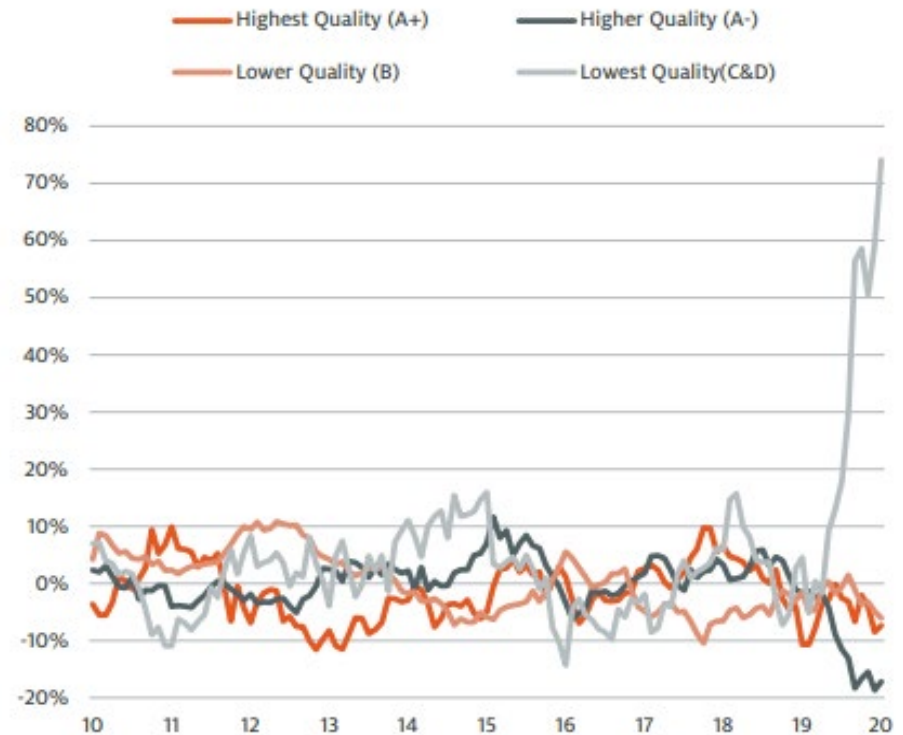
Source: Bloomberg Finance LP, Deutsche Bank. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.



**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.

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

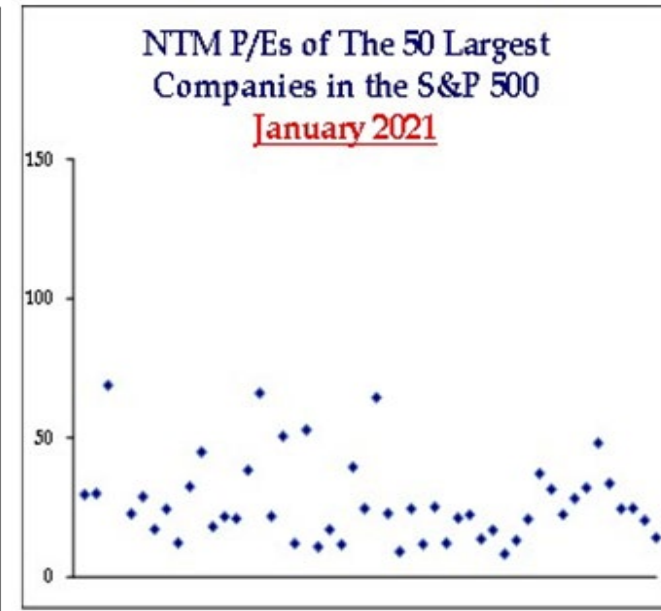
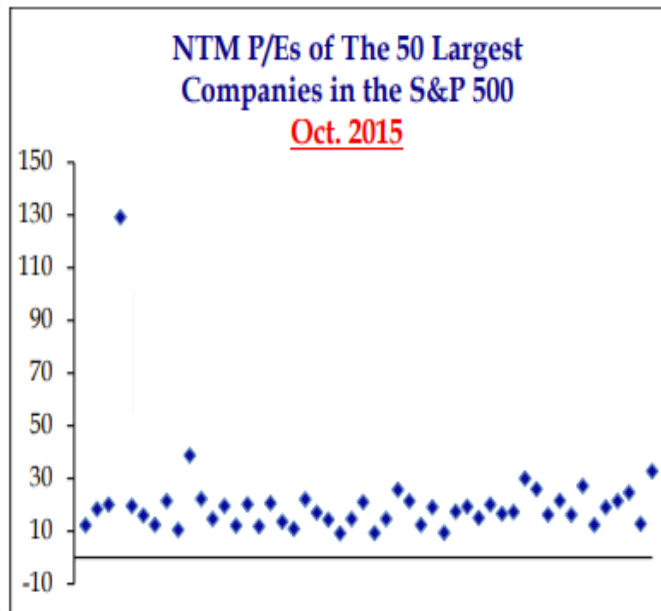
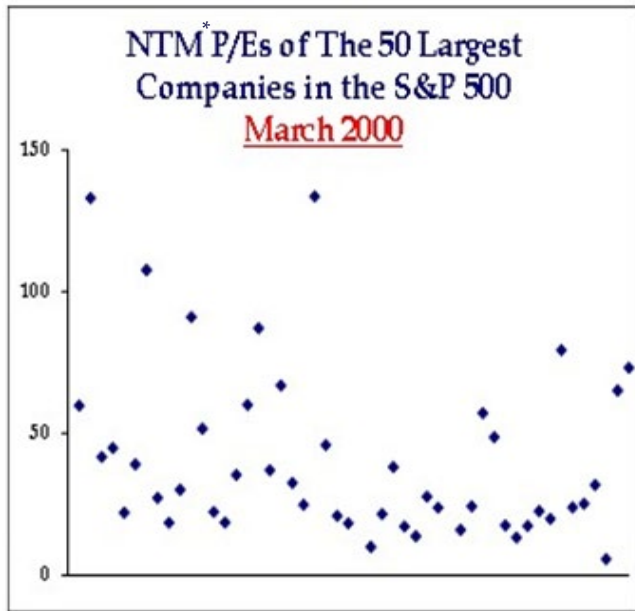


Most shorted defined as top 10% on Short interest % of market cap
Sector absolute, equal weighted, monthly rebalance

*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.

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Median P/E: 31.0x
10-Year Treasury: 6.20%

16.6x
2.24%

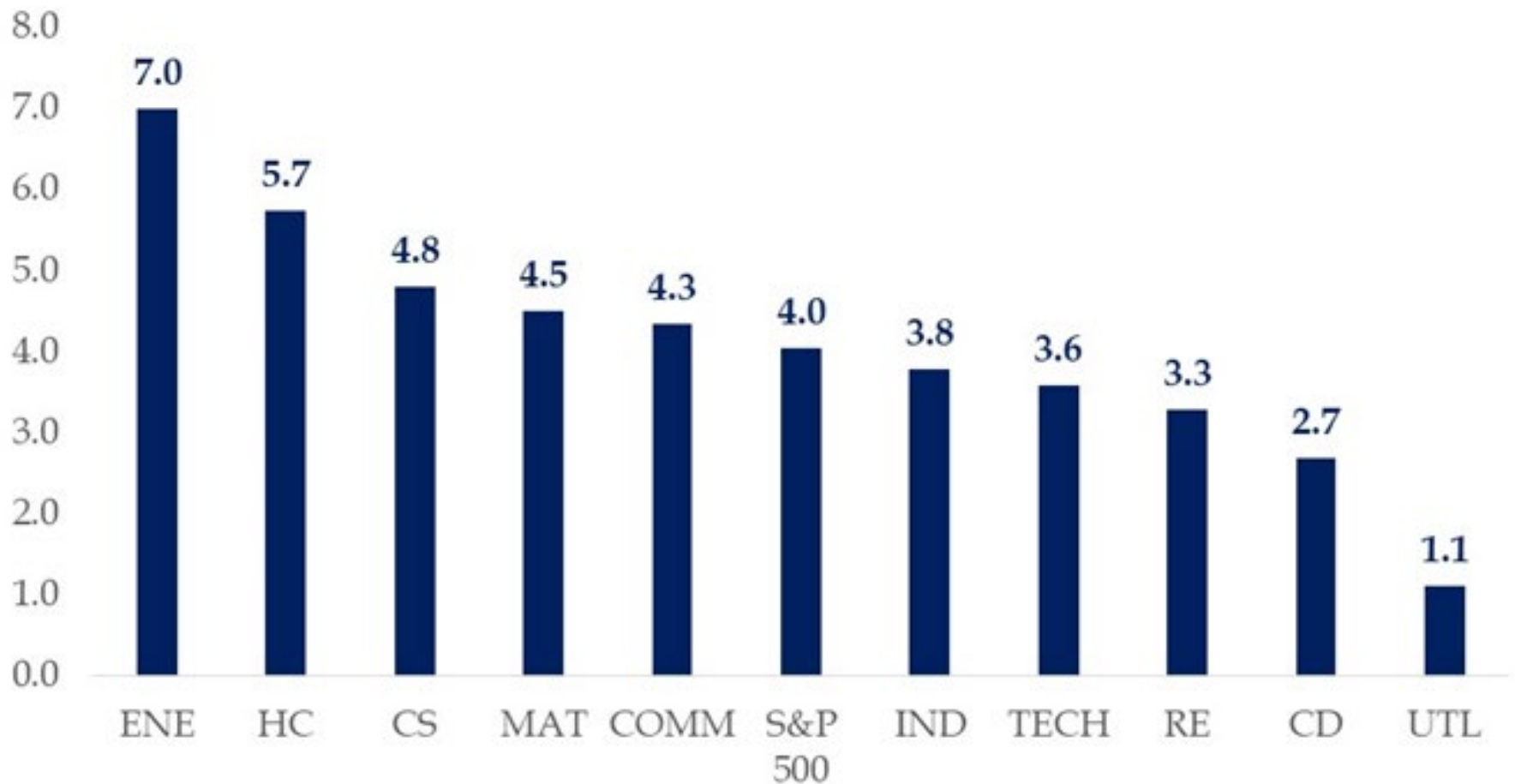
23.6x
1.21%

*Next Twelve Months (NTM)

Source: FactSet 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.



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.



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

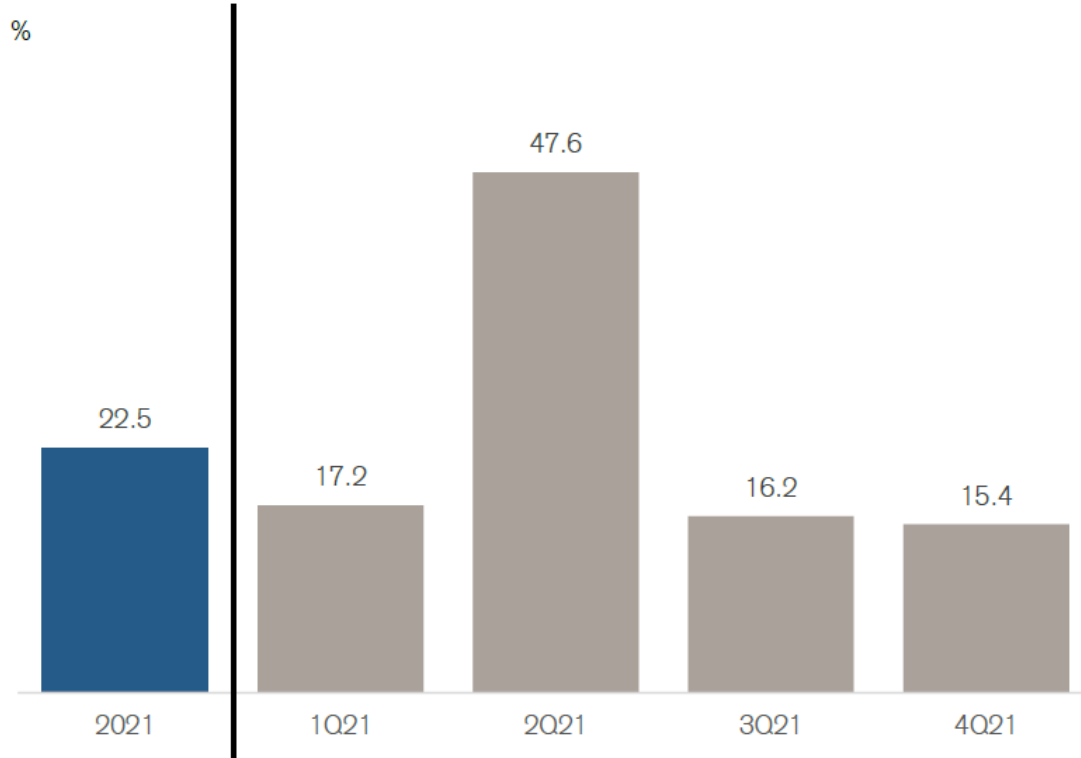
NBER Peak / Trough dates		Value vs SPX performance			
Peak	Trough	Start	End (or 12mth)	# Mth	Rel. Perf. vs SPX
August 1929	March 1933	May-32	Aug-32	3	78.3
May 1937	June 1938	May-40	Jul-41	14	33.0
February 1945	October 1945	Aug-45	Nov-45	3	11.1
November 1948	October 1949	Mar-50	Jan-51	10	29.7
July 1953	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.

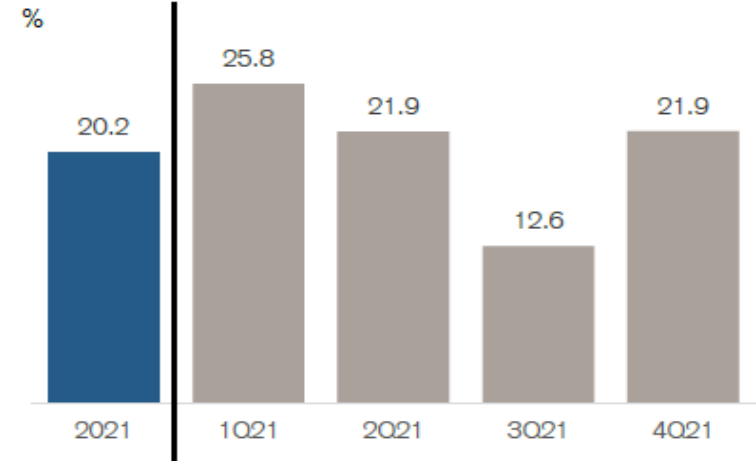


Relative Earnings Growth May Favor “Value”

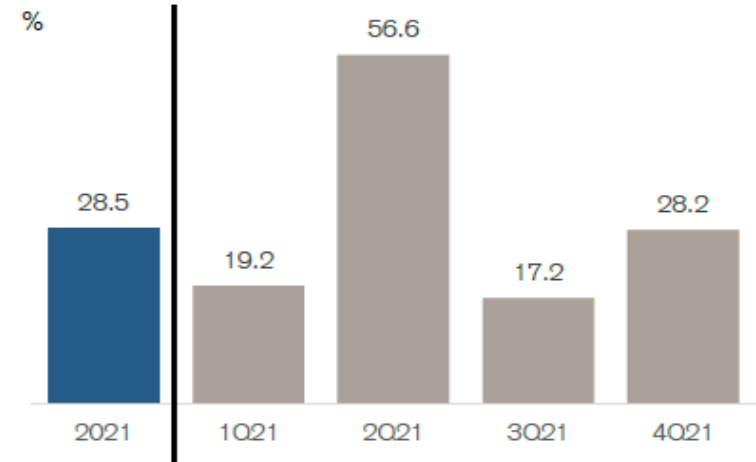
S&P 500 Consensus EPS Growth: [2021](#)



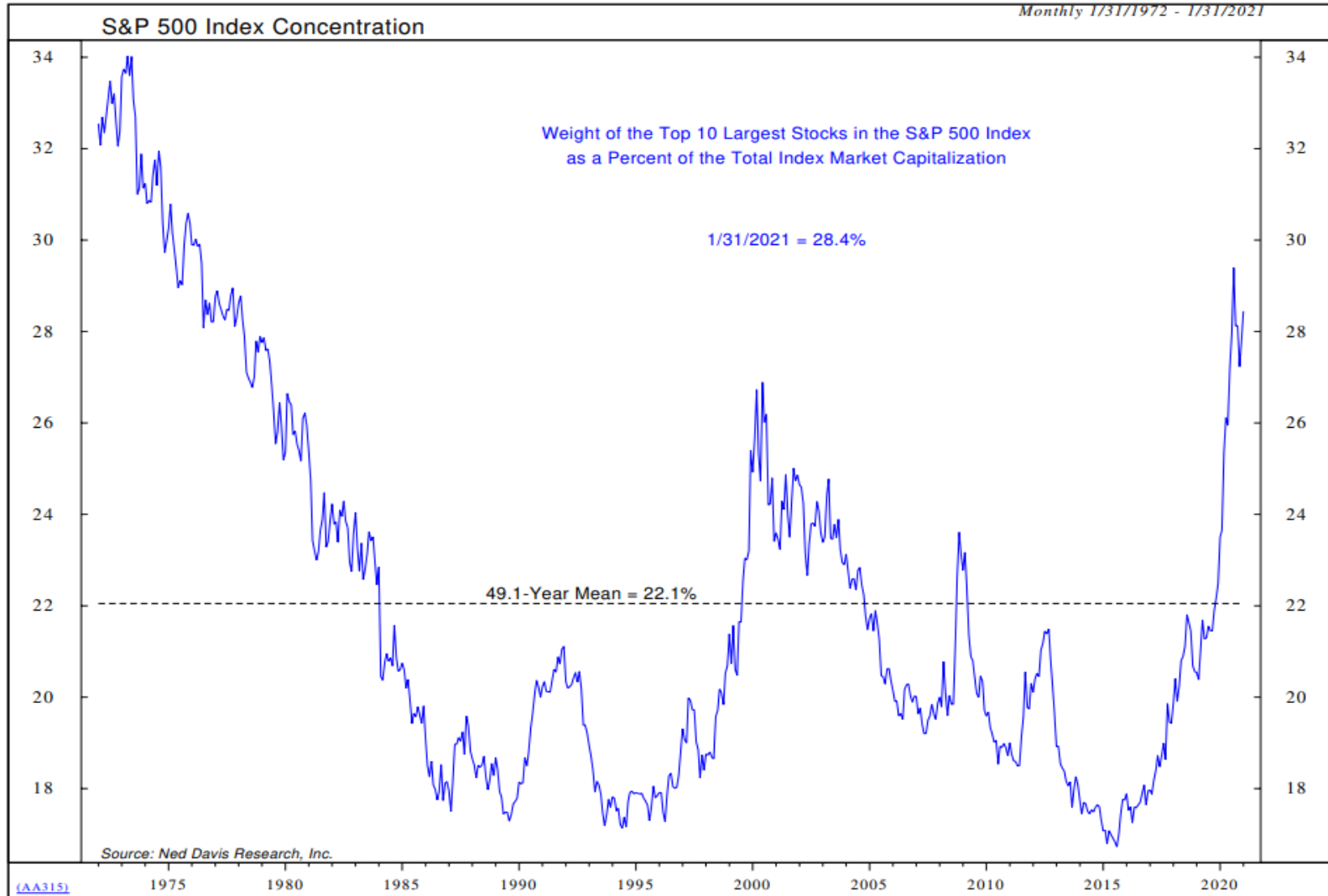
Russell 1000 Growth Consensus EPS Growth: [2021](#)



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.



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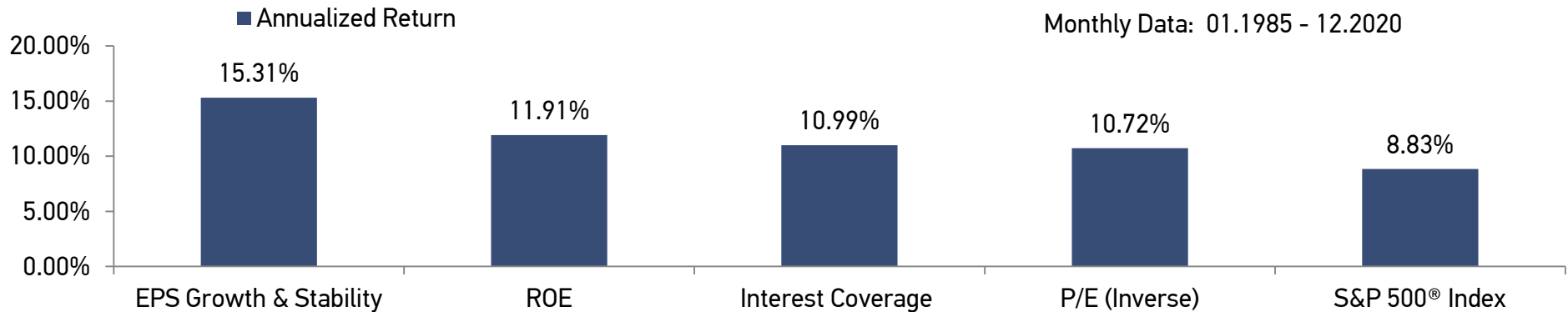
Source: Ned Davis Research, Inc. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these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

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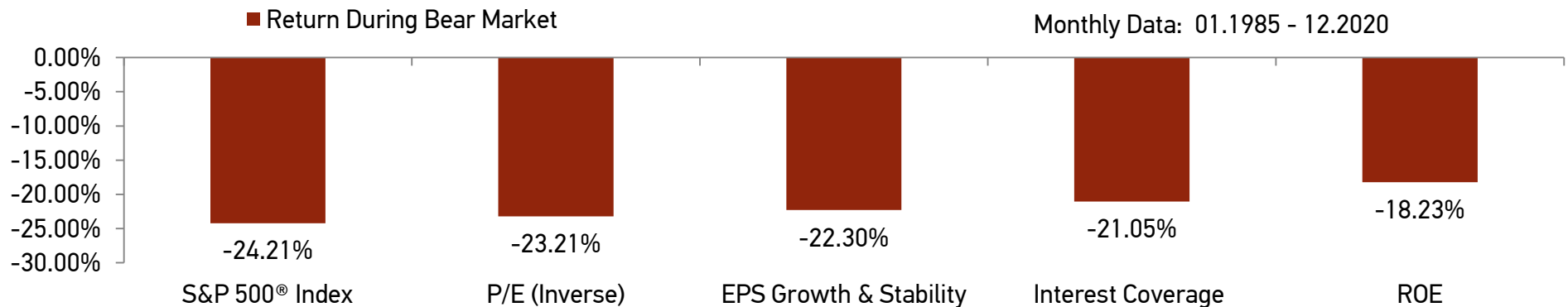


The Equity Opportunities Group seeks capital appreciation and risk reduction by constructing portfolios with attractive valuations, operating growth, high profitability and strong balance sheets

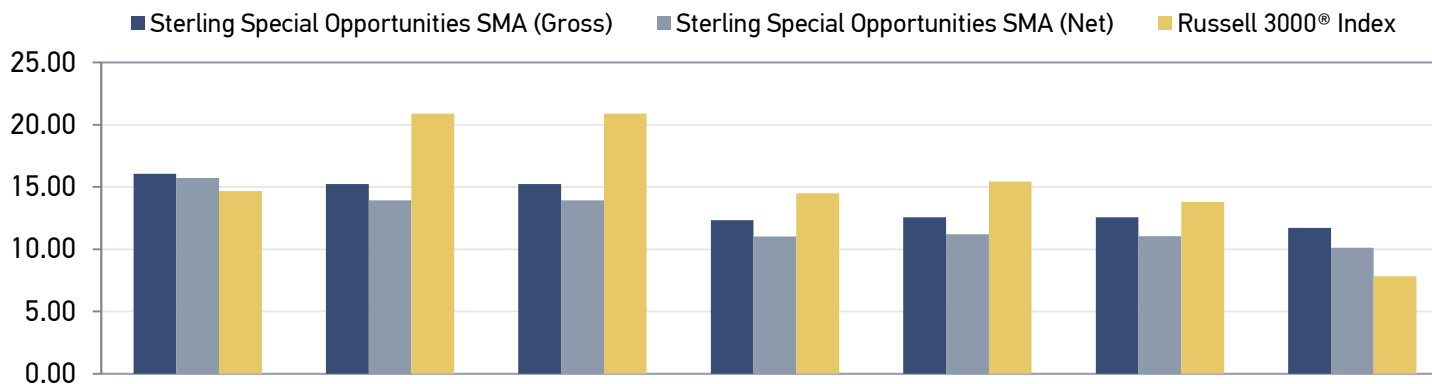
Annualized Return of Top Decile of S&P 500® Index by Factor



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.



Performance	QTR	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception*
Sterling (Gross)	16.06%	15.23%	15.23%	12.33%	12.55%	12.55%	11.71%
Sterling (Net)	15.73%	13.91%	13.91%	11.02%	11.19%	11.04%	10.11%
Russell 3000®	14.68%	20.89%	20.89%	14.49%	15.43%	13.79%	7.82%
S&P 500	12.15%	18.40%	18.40%	14.18%	15.22%	13.88%	7.47%

*Inception date is 12.31.2000. Data as of 12.31.2020. Source: Russell Investments, S&P, 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.



Q4 Top Five Contributors:

- NXP Semiconductors
- PTC
- F5 Networks
- HCA Healthcare
- Capital One Financial

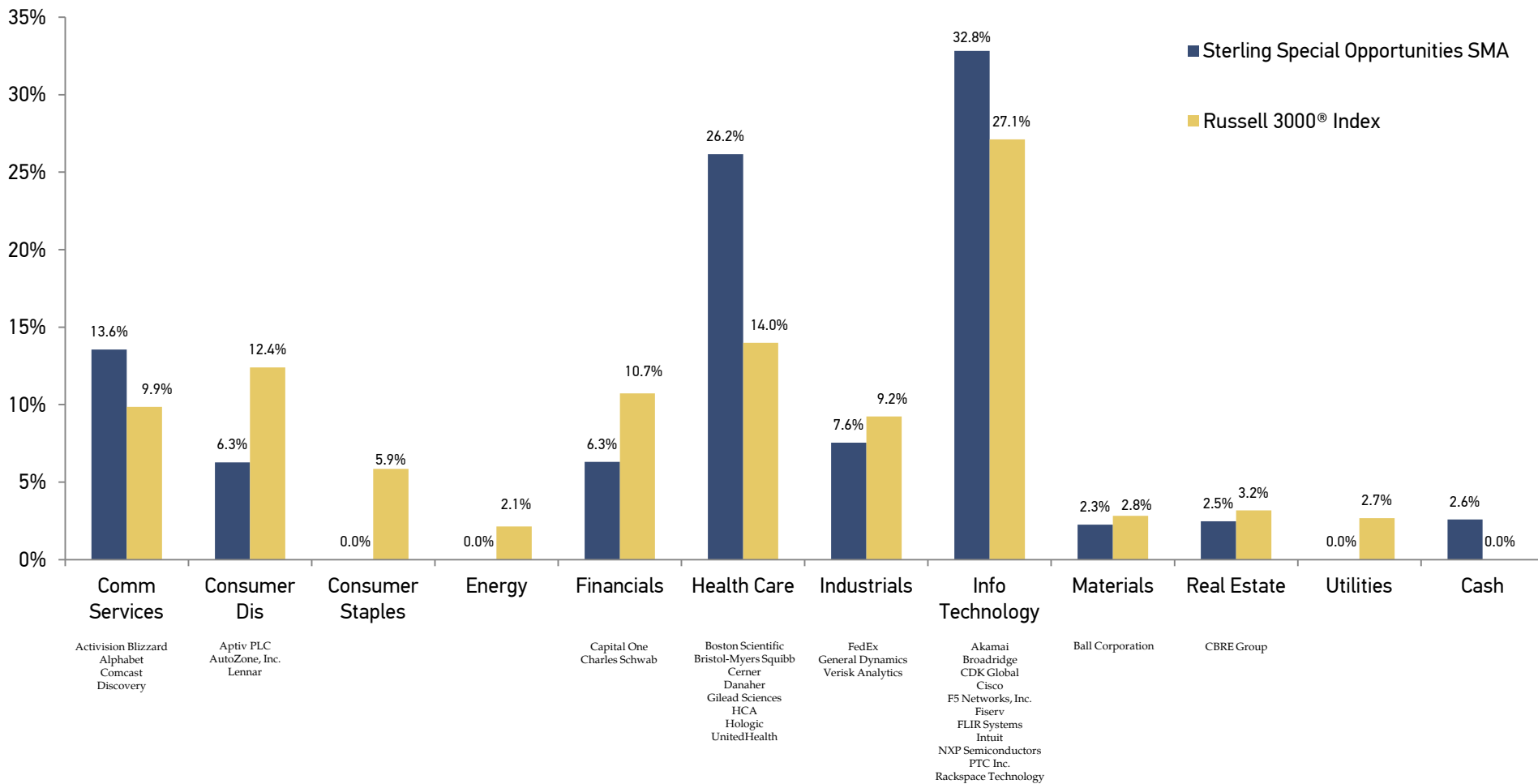
Q4 Bottom Five Contributors:

- Akamai Technologies
- Lennar
- Boston Scientific
- Gilead Sciences
- Rackspace Technology

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



Sterling Special Opportunities 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, FactSet, Sterling Capital Management Analytics.



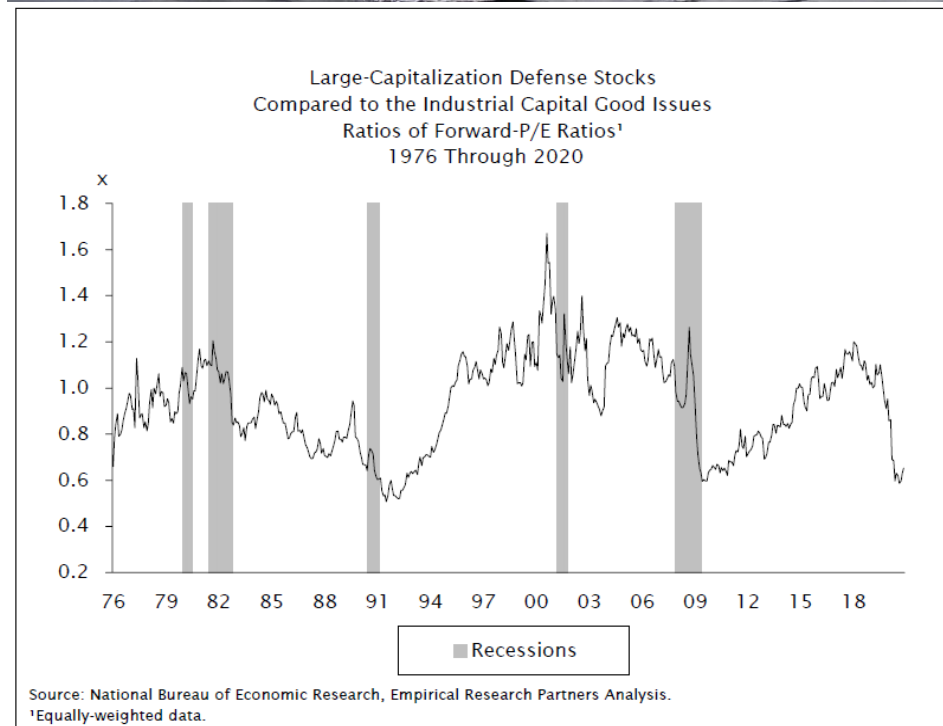
Pillars (as of 02.12.2021)

	Growth/Stability					Valuation			Profitability		Balance Sheet	
	20y EPS Growth	21y EPS Growth	22y EPS Growth	'17-'22 EPS CAGR	22 EPS vs '19 EPS	22y P/E	22y EV/ EBITDA	22y EV FCF Yld	ROE	EBITDA Mgn	Interest Coverage	Leverage
SO Median *	5%	15%	12%	14%	34%	17.9	12.8	4.6%	15.8	28.7	8.8	1.6
R3000 Median	-10%	10%	10%	6%	11%	21.4	13.9	3.7%	5.8	12.4	2.4	2.2
vs Benchmark	15%	6%	3%	8%	23%	-16%	-8%	25%	173%	132%	266%	-27%

*Representative account. As of 02.12.2021. 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.



- Delivered first Submarine, 1900
- First nuclear sub, 1954
- New Columbia Class generation
 - Subs designed for 42 years of service
 - Estimated \$347 billion total cost
 - GD has a 78% share of the contract
- Gulfstream: “the most profitable airplane company in the world”^{*}
 - Cyclical kicker beyond '21
- 22% return on equity
- At purchase:
 - 13x 2021 estimated earnings per share (EPS)
 - 3% yield, 8% dividend growth



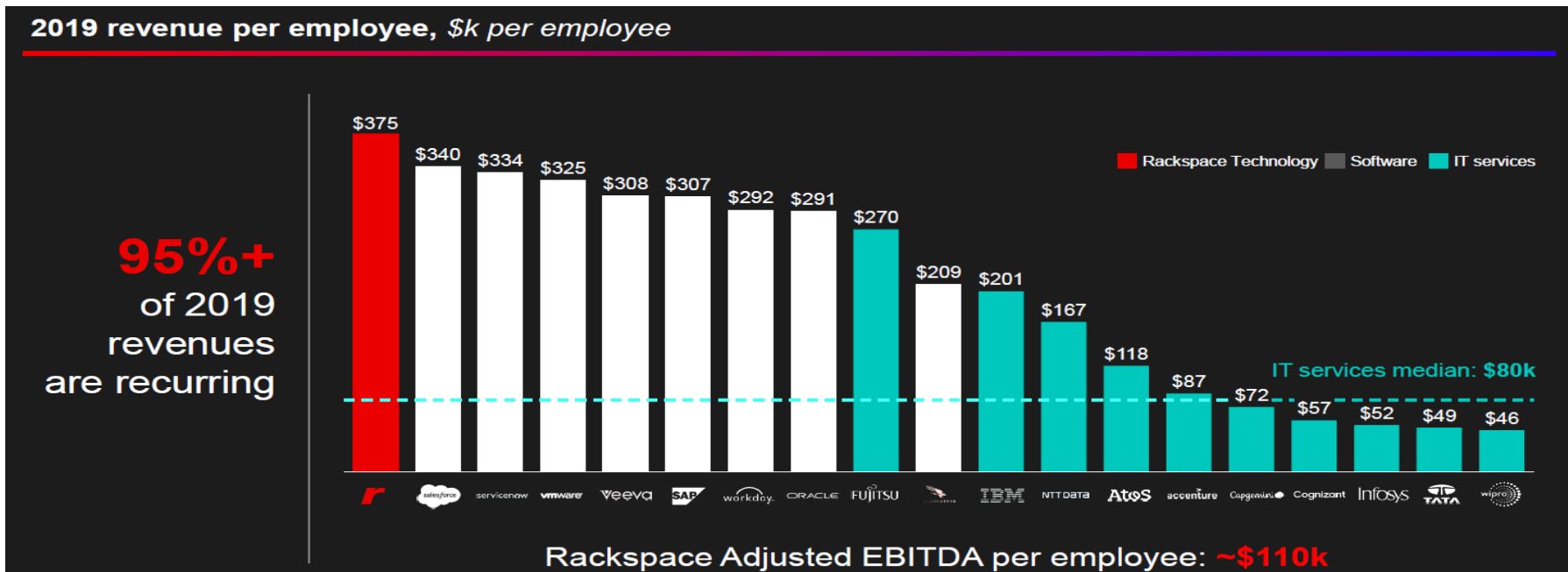
Source: National Bureau of Economic Research, Empirical Research Partners Analysis

^{*}Morgan Stanley research, 09.08.2021.

Source: General Dynamics. 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.



- Managed Services Provider (MSP) for cloud deployments
- Over 120k customers
- At purchase, 13x '22(E) EPS
- EPS compound annual growth rate (CAGR) of 30% through '23
- Highly cash flow generative with low capital intensity
- Adjusted EBITDA margins ~30%
- 62% of workloads are automated



Source: Rackspace. 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.



- Leader in digital payments
- Expanding addressable markets
 - New flows are 10x consumer payments
- Post-vaccine recovery beneficiary (travel)
- Relative valuation below long-term average
- 36% ROE – top 5% in Russell 3000
- 68% EBITDA margin – top 2% in Russell 3000

Leader in digital payments

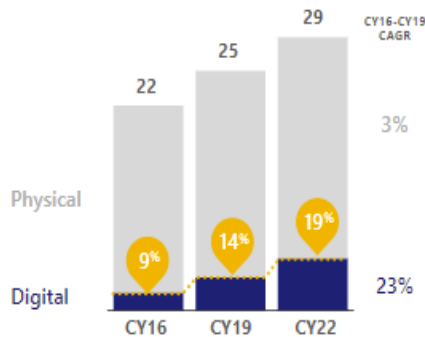
Visa's network uniquely positions us to lead the digitization movement



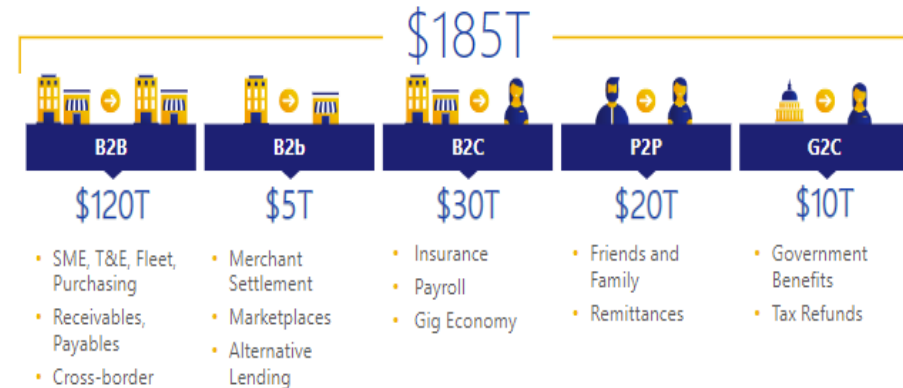
Visa's share of digital is 3x physical

New Flows = \$185T Total Addressable Market (TAM), Visa is <1% penetrated

Total Global Retail Spend (\$T)¹



Visa's Share of Every \$1 Spent



Source: Visa, Inc. 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.



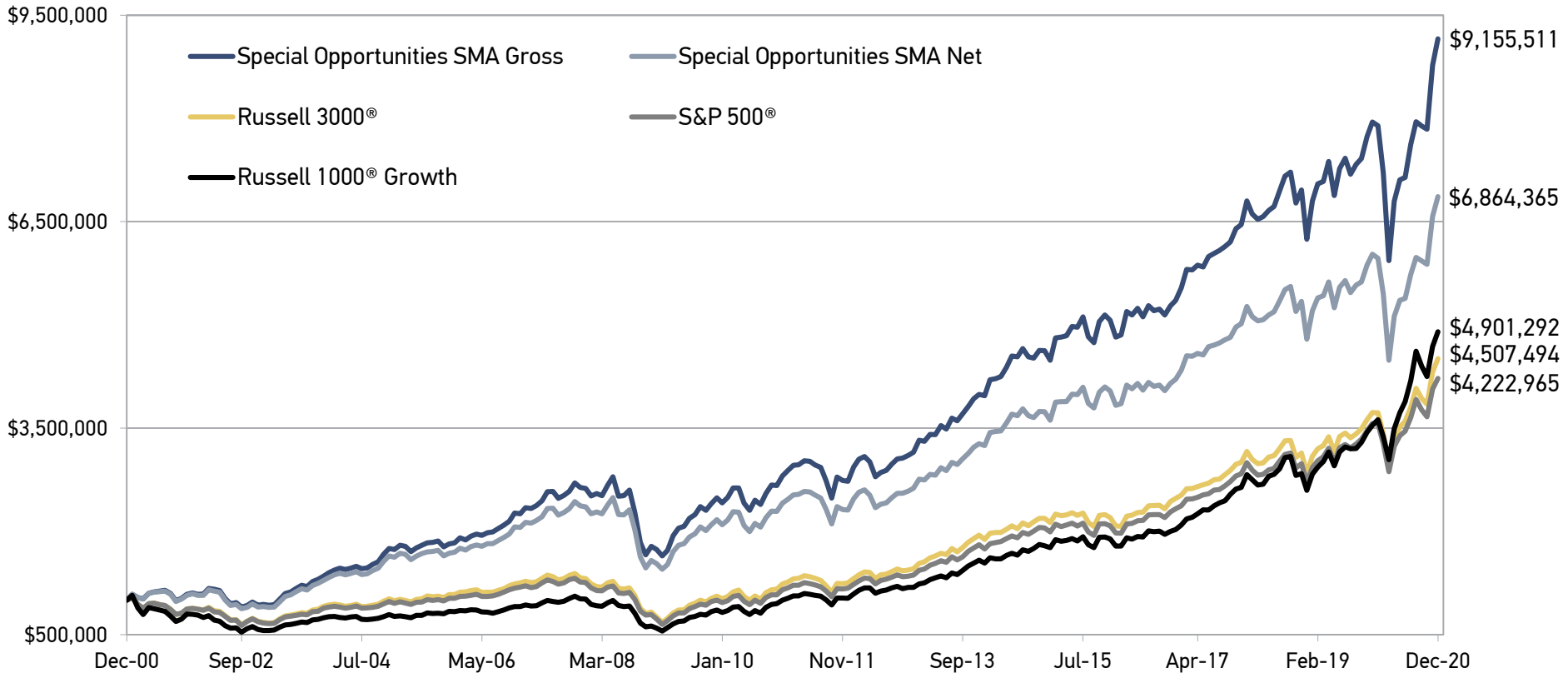
New Additions Versus Exits from 12.31.2019 to 01.31.2021

	Growth/Stability					Valuation			Profitability			Balance Sheet		Trailing 1Y Ret
	20y EPS Growth	21y EPS Growth	22y EPS Growth	'17-'22 EPS CAGR	'22 EPS vs '19	22y P/E	22y EV/ EBITDA	22y EV FCF Yld	5y Avg ROE	EBITDA Mgn	ROE	Interest Coverage	Leverage	
SO* Adds Since '19	7%	11%	14%	15%	33%	21.4	15.7	4.5%	20.0	25.1	25.3	8.5	2.4	2%
SO* Exits Since '19	-34%	-2%	7%	1%	-16%	14.5	10.3	3.8%	9.6	17.8	15.4	4.4	3.8	0%
Adds vs Exits	41%	13%	7%	13%	49%	48%	52%	21%	109%	41%	64%	90%	-38%	2%

*Representative account. Data as of 12.31.2019-01.31.2021. 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.



Sterling Special Opportunities 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, S&P, 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. (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.

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Sterling Capital Management – Special Opportunities SMA Composite

December 31, 2000 – December 31, 2019

Description: Consists of all discretionary separately managed wrap Special Opportunities portfolios. Sterling's Special Opportunities equity portfolios invest primarily in companies with the best perceived combination of underlying growth potential and attractive valuation in a concentrated portfolio that has the flexibility to shift among styles.

Year	Total Return "Pure" <u>Gross of Fees</u>	Total Return Net of Fees	No. of Portfolios	Composite Assets End of Period (\$MM)	Percent of Firm Assets	Total Firm Assets (\$MM)	Composite Dispersion (%)	Russell 3000 Index	Composite 3-yr St Dev (%)	Benchmark 3-yr St Dev (%)
2019	27.22	25.74	4	525	0.9	58,191	Not Meaningful	31.02	12.31	12.21
2018	-3.32	-4.46	4	453	0.8	56,889	Not Meaningful	-5.24	10.99	11.18
2017	20.55	19.08	4	493	0.9	55,908	Not Meaningful	21.13	9.85	10.09
2016	5.72	4.31	4	721	1.4	51,603	Not Meaningful	12.74	10.35	10.88
2015	9.59	8.00	4	901	1.8	51,155	Not Meaningful	0.48	9.67	10.58
2014	15.93	14.23	4	927	1.9	47,540	Not Meaningful	12.56	9.33	9.29
2013	26.61	24.72	4	850	1.9	45,638	Not Meaningful	33.55	13.49	12.71
2012	15.45	13.68	4	718	16.2	4,422	Not Meaningful	16.42	15.75	15.95
2011	-2.72	-4.18	3	776	19.7	3,932	Not Meaningful	1.03	17.35	19.62
2010	12.79	11.08	3	868	24.5	3,548	Not Meaningful	16.93	22.62	22.94
2009	39.65	37.53	2	752	26.5	2,839	Not Meaningful	28.34	21.26	20.61
2008	-32.07	-33.08	2	507	26.6	1,907	Not Meaningful	-37.31	19.08	16.02
2007	16.24	14.60	1	552	26.8	2,059	Not Meaningful	5.14	8.80	8.25
2006	23.07	21.29	1	346	26.3	1,314	Not Meaningful	15.72	8.62	7.62
2005	4.67	3.11	1	261	28.9	904	Not Meaningful	6.12	10.45	9.63
2004	29.90	27.85	1	155	29.7	522	Not Meaningful	11.95	14.87	15.05
2003	45.35	42.97	1	55	34.8	158	Not Meaningful	31.06	17.20	18.37
2002	-16.17	-17.58	1	27	52.9	51	Not Meaningful	-21.54		
2001	10.65	9.18	1	15	62.5	24	Not Meaningful	-11.46		
Annualized Since Inception	11.53	9.91						7.17		

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 index is the Russell 3000 Index which measures the performance of the largest 3,000 US companies, representing approximately 98% of the investable US market. It represents the universe of stocks from which all-cap managers typically select. The index is reconstituted annually. Total return includes price appreciation/depreciation and income as a percent of the 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.