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**2<sup>nd</sup> 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 06.30.2020, unless otherwise stated.*
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- *Specific securities identified and described do not represent all of the securities purchased, sold or recommended to clients.*
- *Any type of investment involves risk and there are no guarantees. Past performance is not indicative of future results.*
- *The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index.*



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## Meet Your Speakers & Agenda

### WebEx Agenda:

- Equity Market and Macro Environment Review
- Special Opportunities SMA Review of Q2.2020 Performance, Activity and Positioning
- Equity Market Outlook
- Q&A



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



**Joshua L. Haggerty, CFA®**  
Executive Director  
APM Special Opportunities



**Daniel A. Morrall**  
Executive Director  
Senior Analyst



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

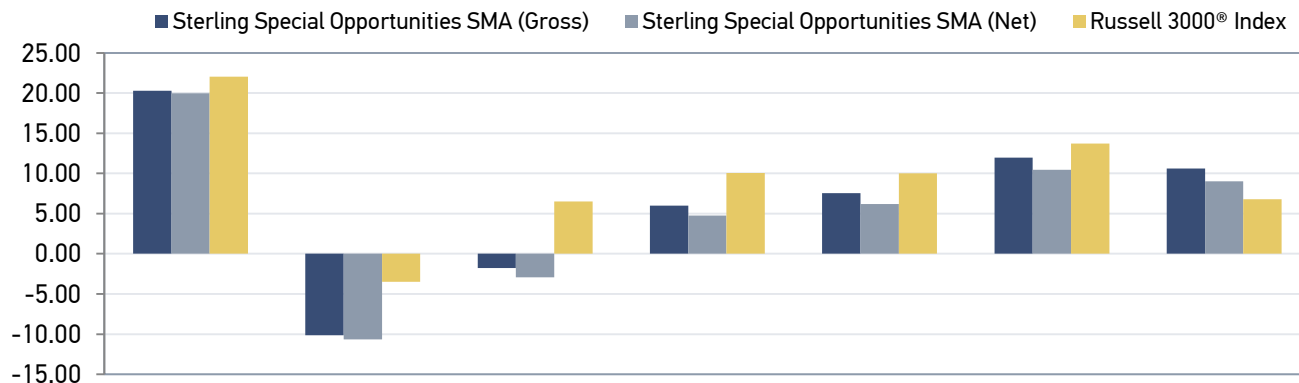
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# A Strong Quarter for Risk Assets

## The Best Quarter (Absolute) in Special Opps' History



Performance	QTR	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception*
Sterling (Gross)	20.31%	-10.14%	-1.79%	6.01%	7.53%	11.97%	10.61%
Sterling (Net)	19.96%	-10.67%	-2.93%	4.76%	6.20%	10.44%	9.02%
Russell 3000®	22.03%	-3.48%	6.53%	10.04%	10.03%	13.72%	6.79%
S&P 500®	20.54%	-3.08%	7.51%	10.73%	10.73%	13.99%	6.57%

\*Inception date is 12.31.2000. Data as of 06.30.2020. Source: Russell Investments, S&P, Sterling Capital Management Analytics.

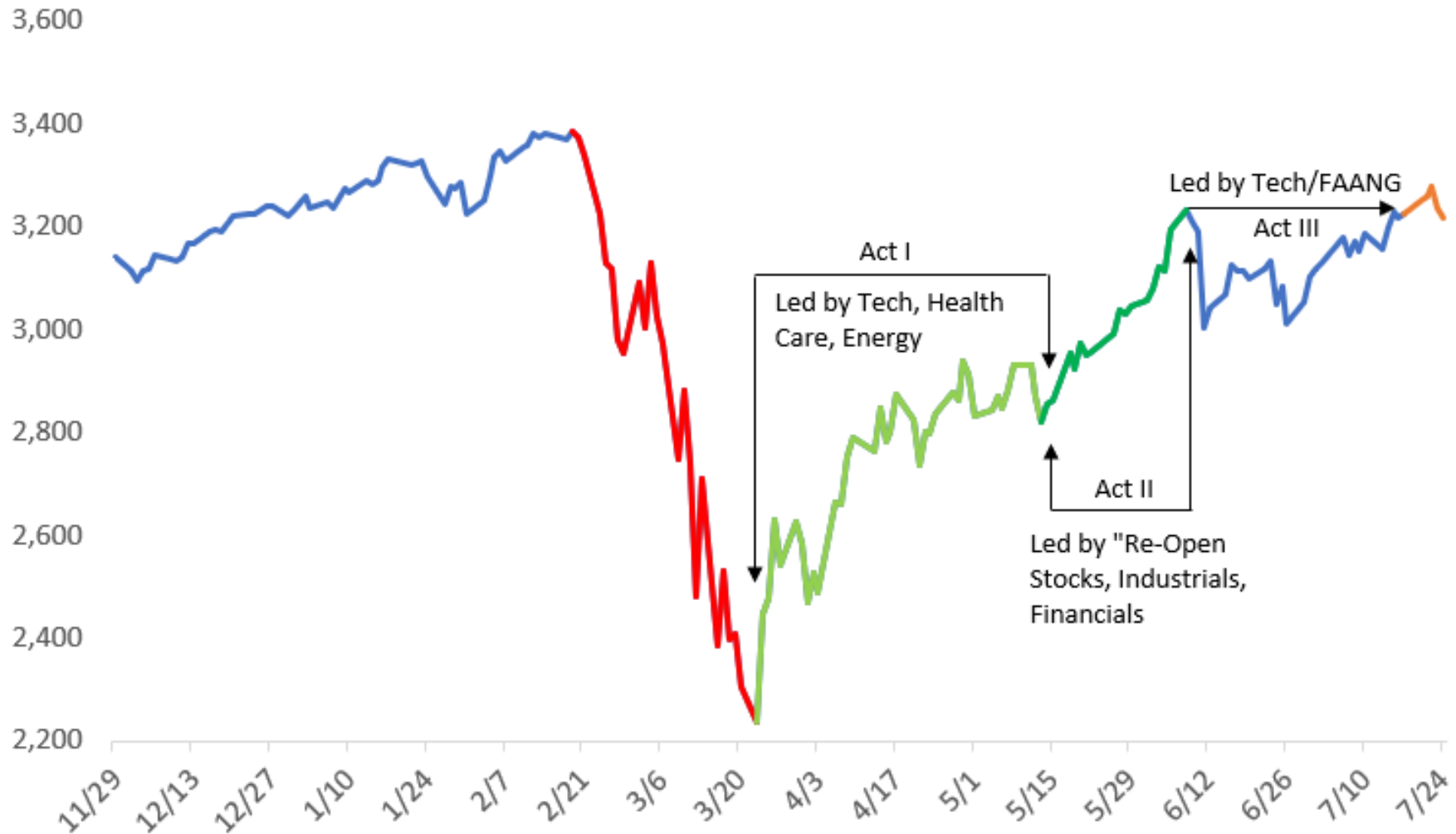
Performance is preliminary and is annualized for periods longer than one year. Net of fees performance returns are presented net of the investment management fees and trading expenses. "Pure" Gross of fees performance returns do not reflect the deduction of any fees including trading costs; a client's 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..

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



# “Fastest Ever” Bear and Bull Cycles With Shifting Leadership

## S&P 500: Since December 2019



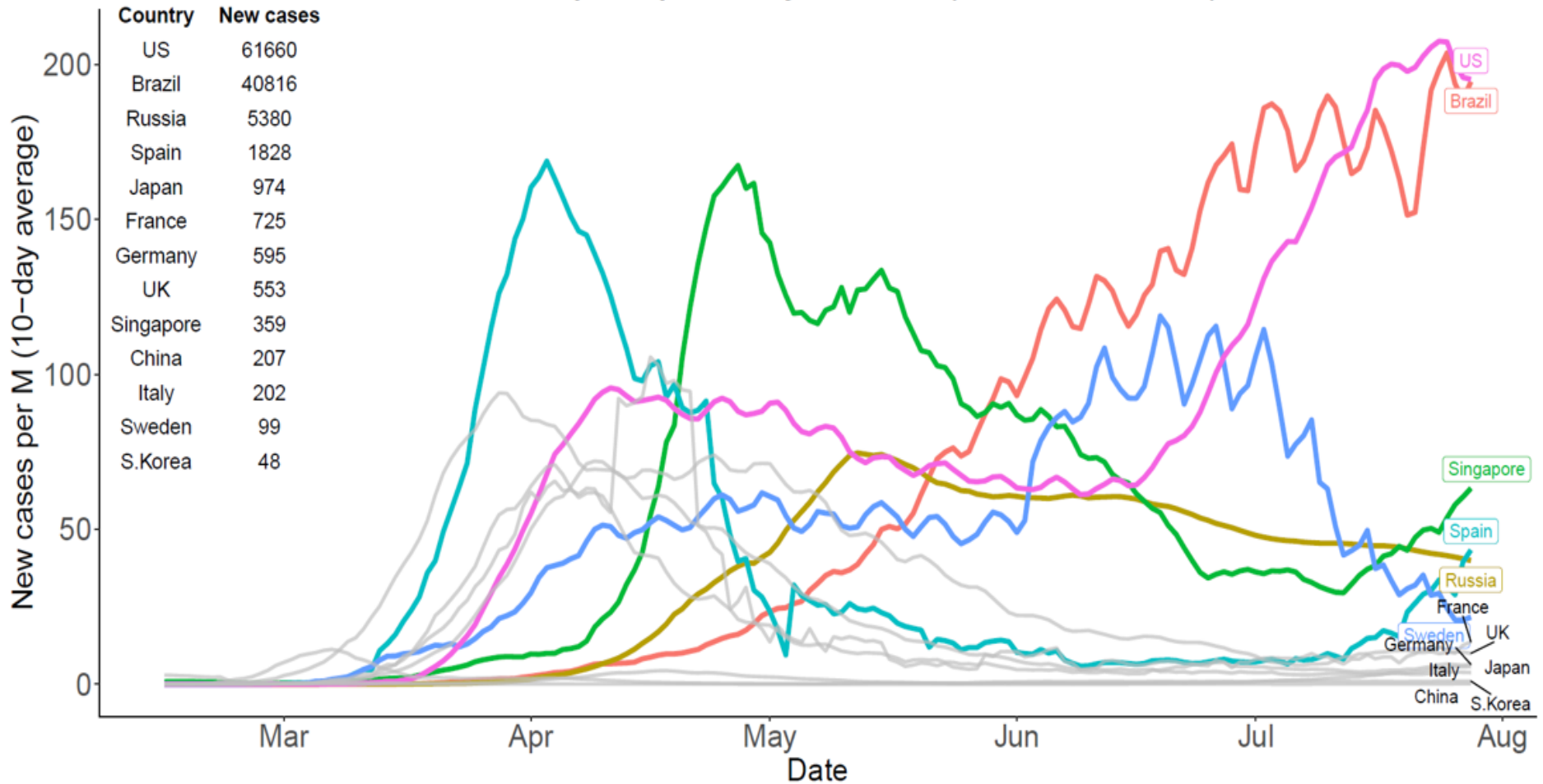
Source: Bespoke Investment Group. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index.

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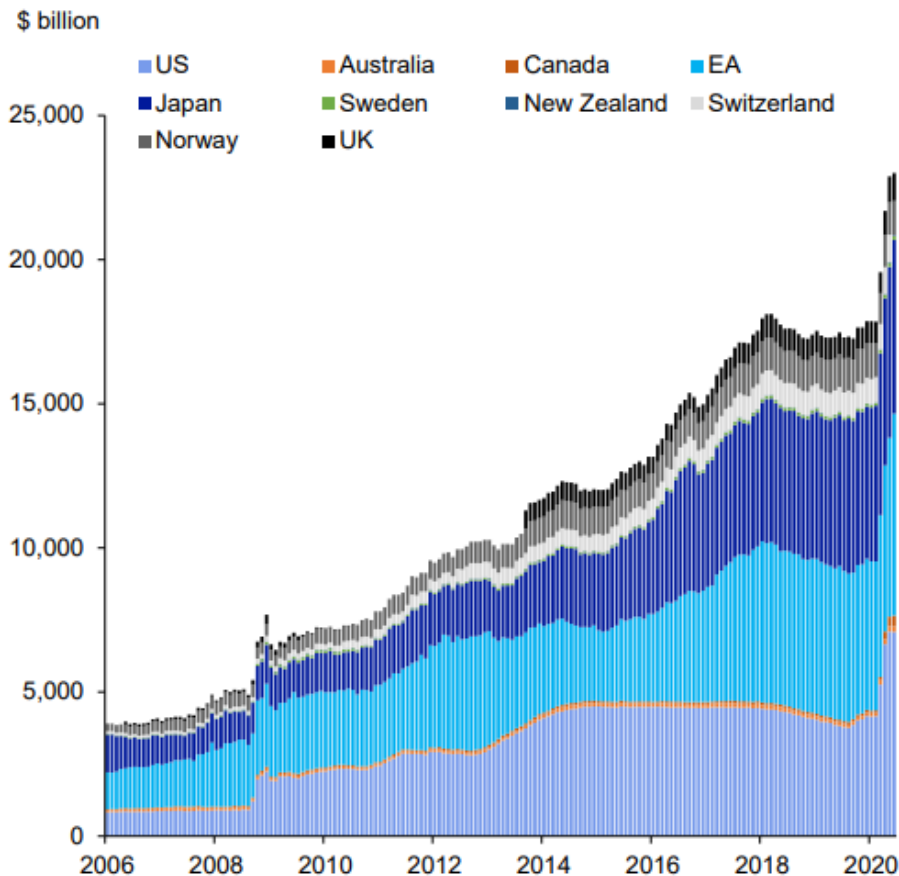
## Three Phases of Virus Spread in the USA, Too

New cases per capita in key countries (cutoff 2020-07-28)

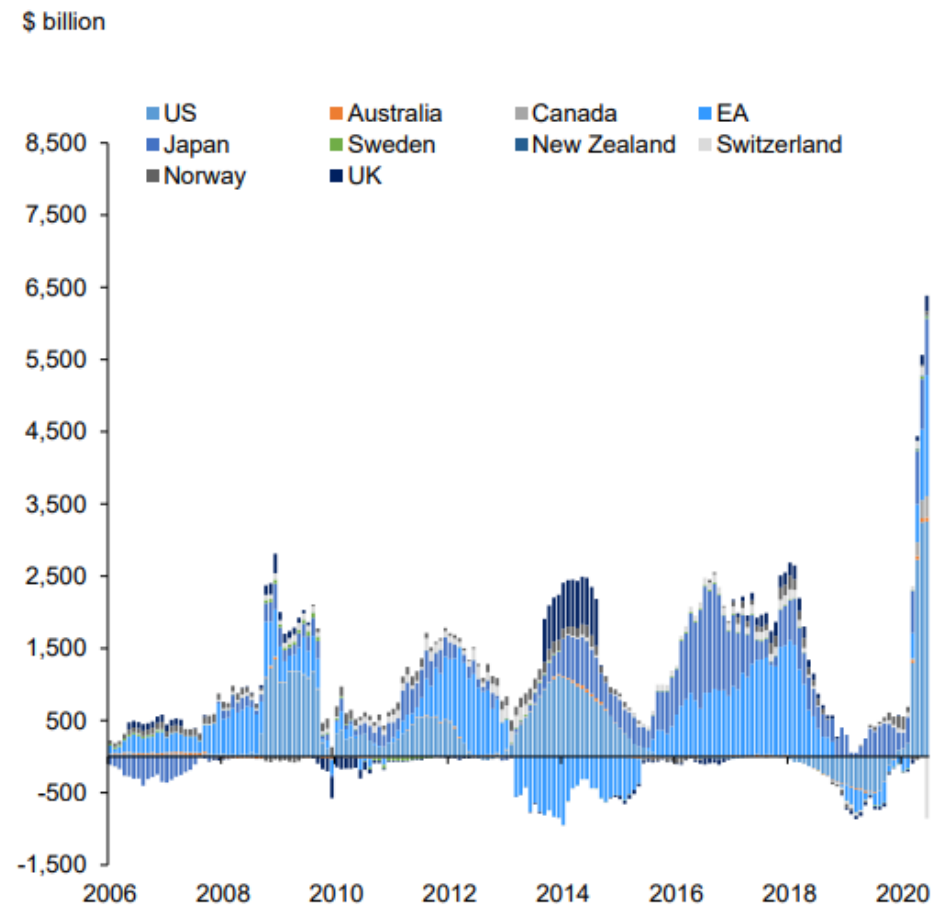




## Total size of G-10 Central Banks



## Total size of G-10 Central Banks: 12 month change



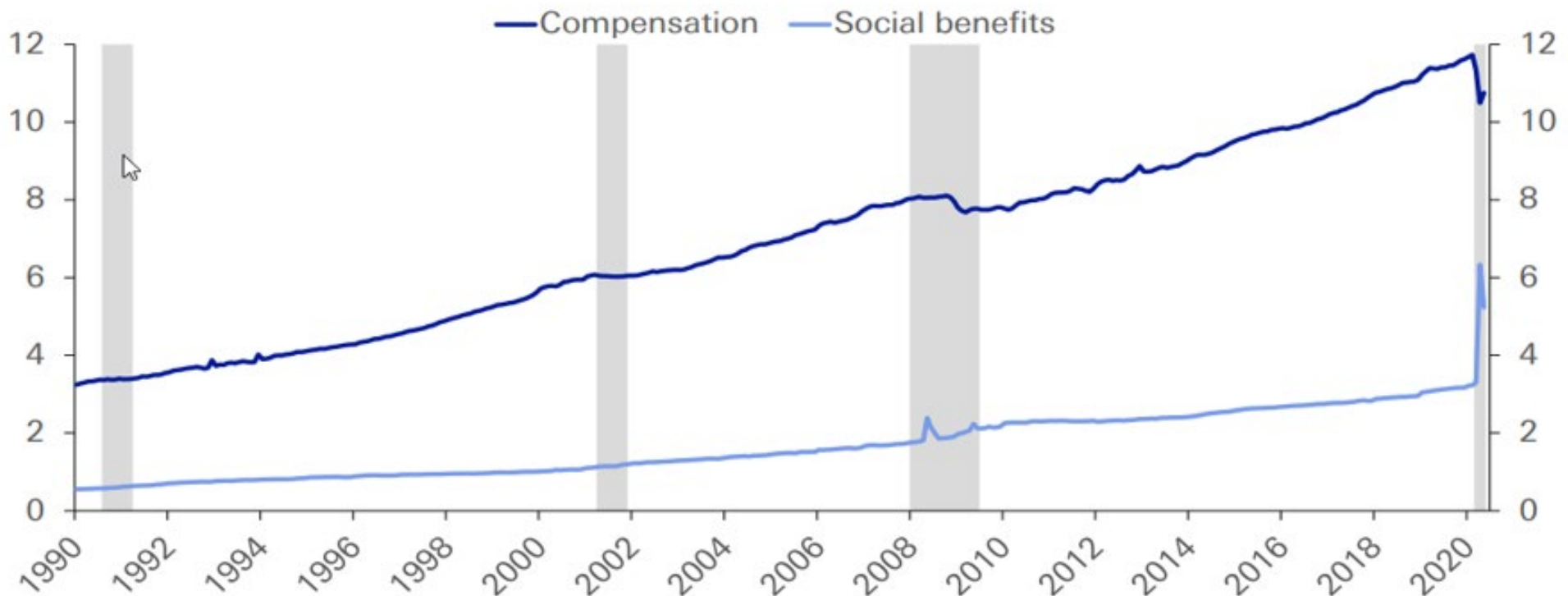


# Equally Historic Fiscal Efforts Have (for Now?) Plugged the Hole of Lost Incomes

## United States: Employee compensation and government benefits

\$ trillion

\$ trillion

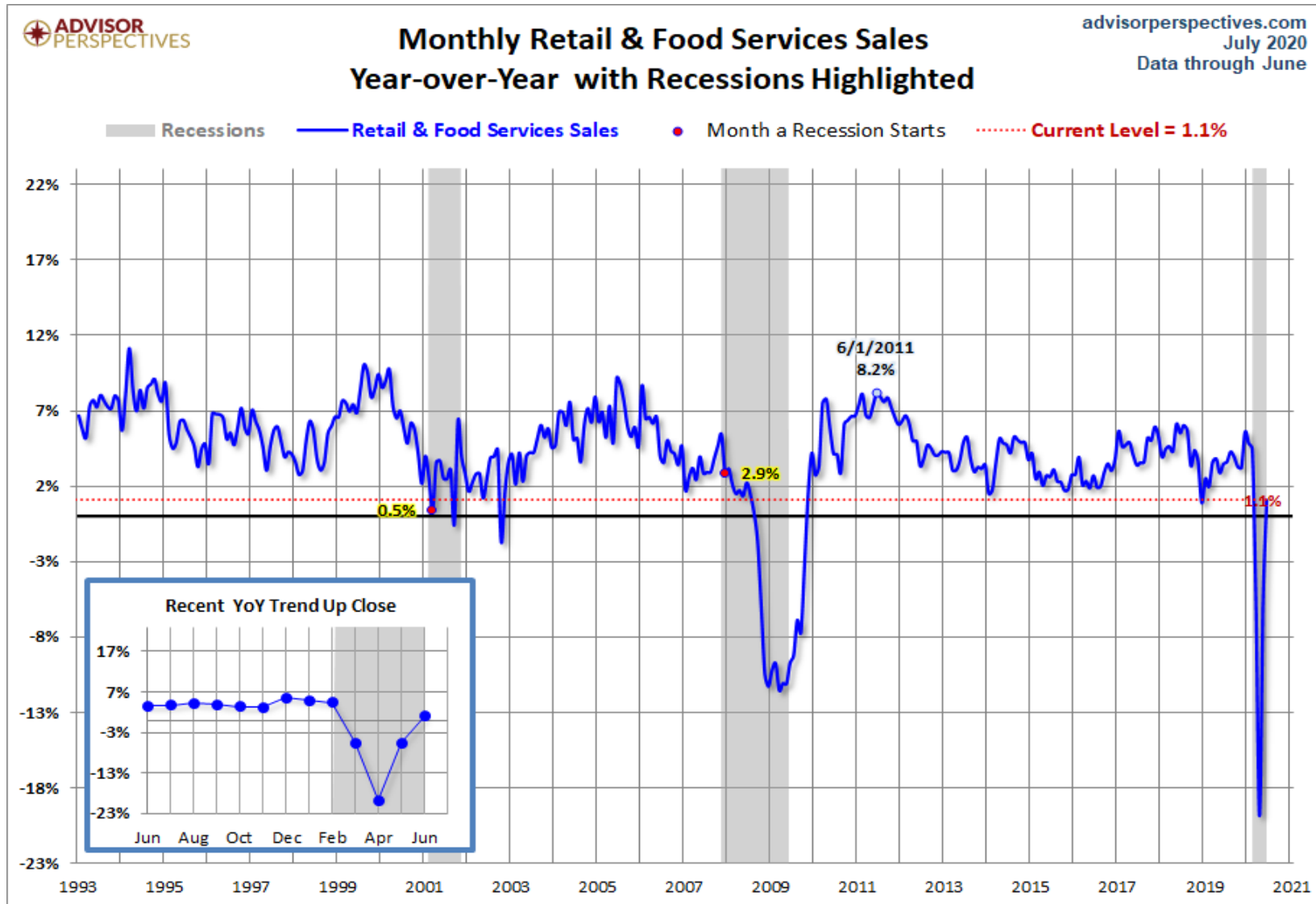






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# Did You Think in March That Retail Sales Would “V-Shape” Almost All the Way Back to Trend?



Source: Advisor Perspectives.



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## We Are Pretty Sure You Have Noticed: Large Cap Growth Again Outperformed in Q2.2020

<b>Russell Cap-Weighted Total-Return Indices % Gain 3/31/2020 - 6/30/2020</b>			
	Value	Blend	Growth
Large	11.71	20.91	27.22
Mid	19.95	24.61	30.26
Small	18.91	25.42	30.58

Source: Russell. Data Total-Return.  
Large-cap = Russell Top 200 indices.  
Mid-cap = Russell MidCap indices.  
Small-cap = Russell 2000 indices.  
Blend = broad index at all market-cap levels.

Ned Davis Research

[SBOX\\_001.RPT](#)

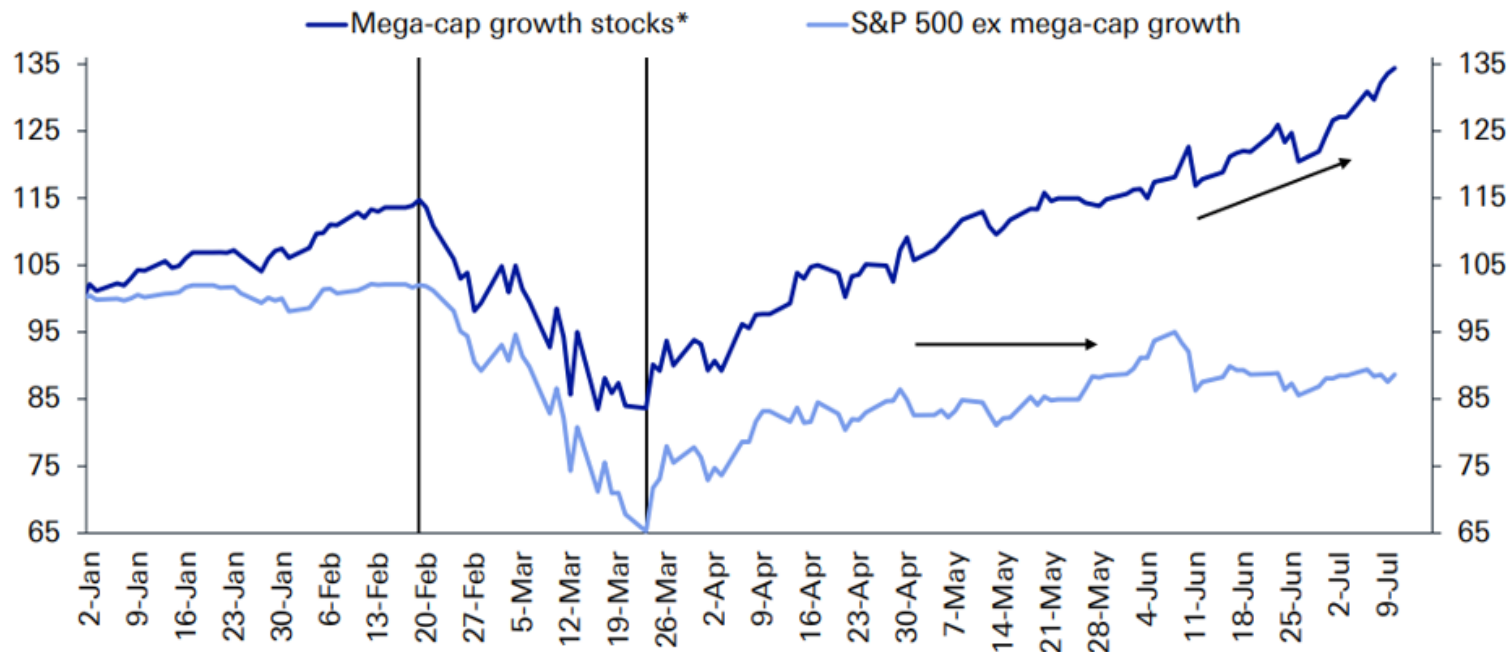
*Source: Ned Davis Research. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index.*

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Mega-Cap digital economy stocks (27% of the S&P 500® Index) gained nearly 35% YTD as “beneficiaries” of the COVID-19 crisis, while the rest of the S&P 500® Index fell nearly 13% YTD, through 07.14.2020

## S&P 500 mega-cap growth vs others (re-indexed, Dec 31 2019=100)



\*MSFT, AAPL, AMZN, GOOGL, GOOG, FB, V, MA, NVDA, NFLX, ADBE

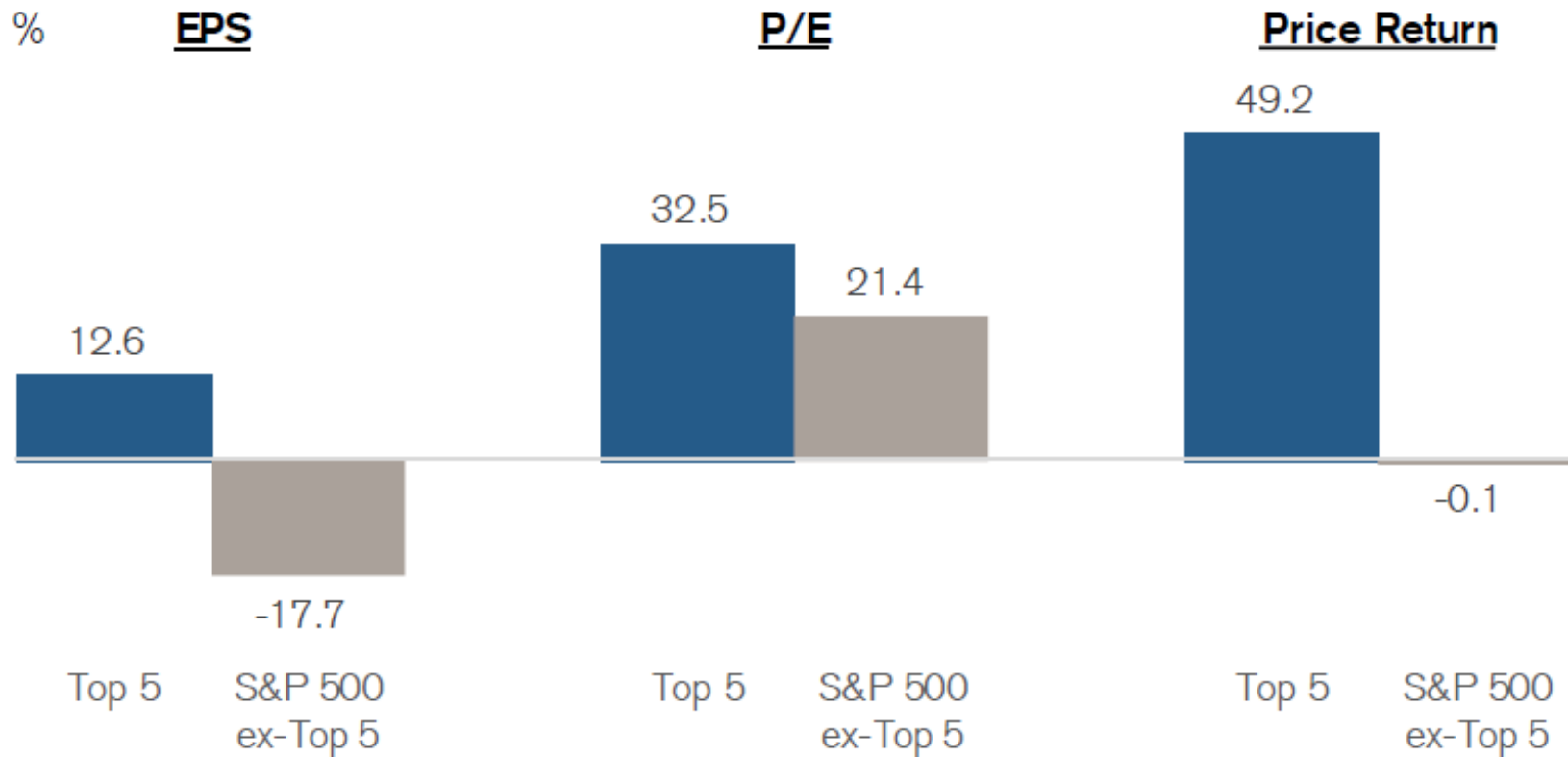
Source: Bloomberg Finance LP, DB Asset Allocation, DB Global Research. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index.

Past performance is not indicative of future results.



# Over 12 Months, the “Big Five” Have Surged 49% While the “S&P 495” Is Flat

Figure 1: YoY Contribution of EPS and P/E to Returns



Source: Standard & 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.

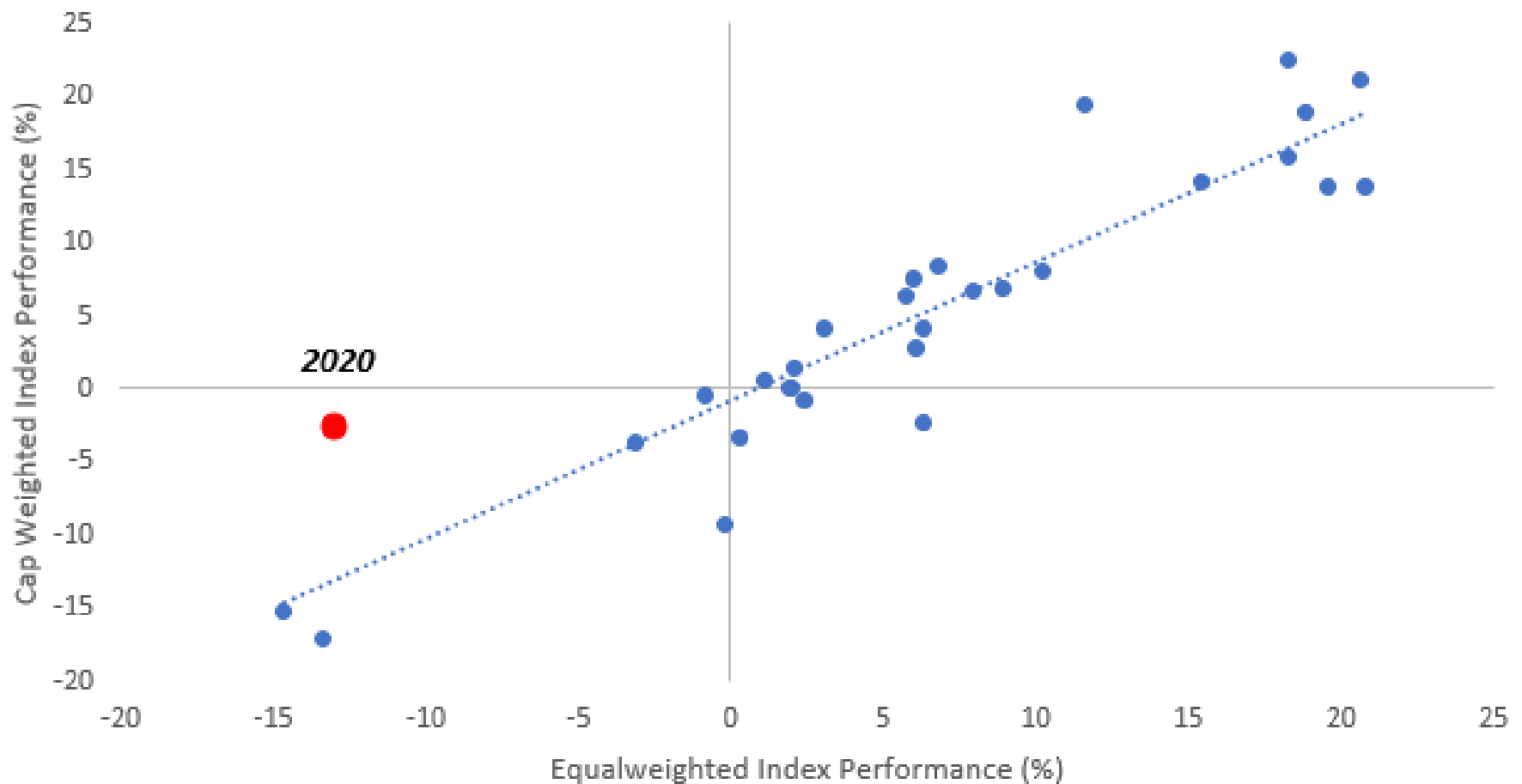
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This Degree of Large-Cap Outperformance  
Is Unprecedented (at least since 1990)

## Performance of Cap Weighted vs Equalweighted S&P 500 (YTD Through 7/9)



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

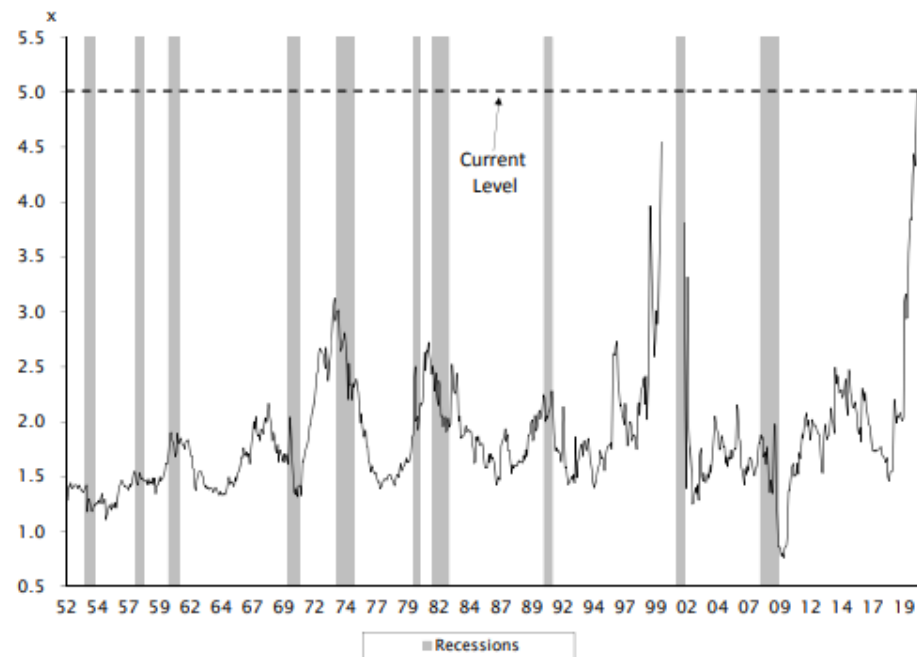
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## With Growth Scarce, Investors Are Paying Up for It

**Exhibit 5: The Big Growers**  
**Relative Trailing-P/E Ratios<sup>1</sup>**  
**1952 Through Late-July 2020**



Source: Empirical Research Partners Analysis.


<sup>1</sup> Equally-weighted data; excludes negative earnings during the New Economy era.

Source: Empirical Research Partners Analysis. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index.

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## Percent Of Non-Earning Companies

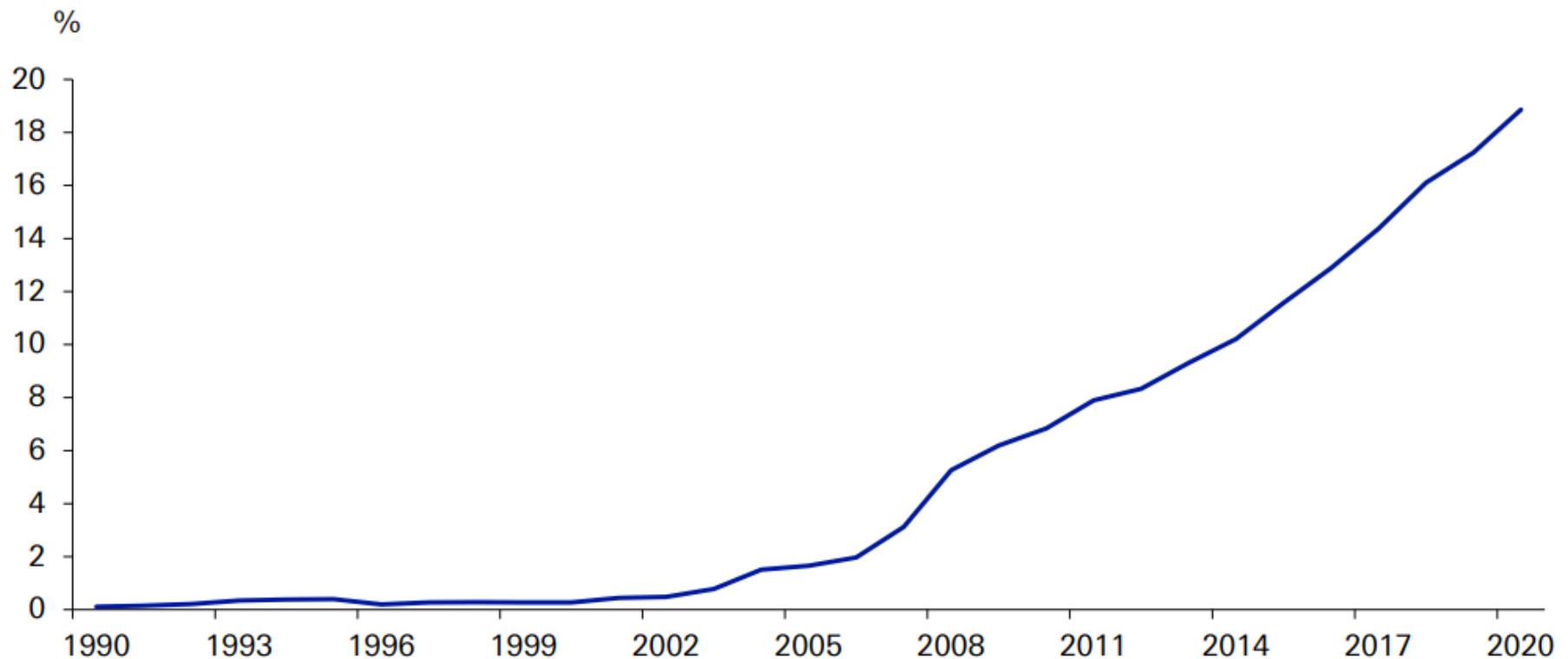
	Current Reading	Long-Term Average	Highest Reading Since 1990
Russell 1000 Growth	21.5%	10.0%	33.5%
Russell 1000	19.0%	11.1%	28.4%
Russell 1000 Value	16.3%	12.3%	37.0%
Russell 2000 Growth 	52.3%	27.8%	52.3%
Russell 2000	44.0%	26.2%	44.0%
Russell 2000 Value	38.4%	23.8%	46.2%

Source: Strategas Research. 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.**



## US: Share of “zombie” firms



*Note: Firm-level data is used to calculate the share of listed firms that are more than ten years old with an interest coverage ratio less than one for three years in a row.*

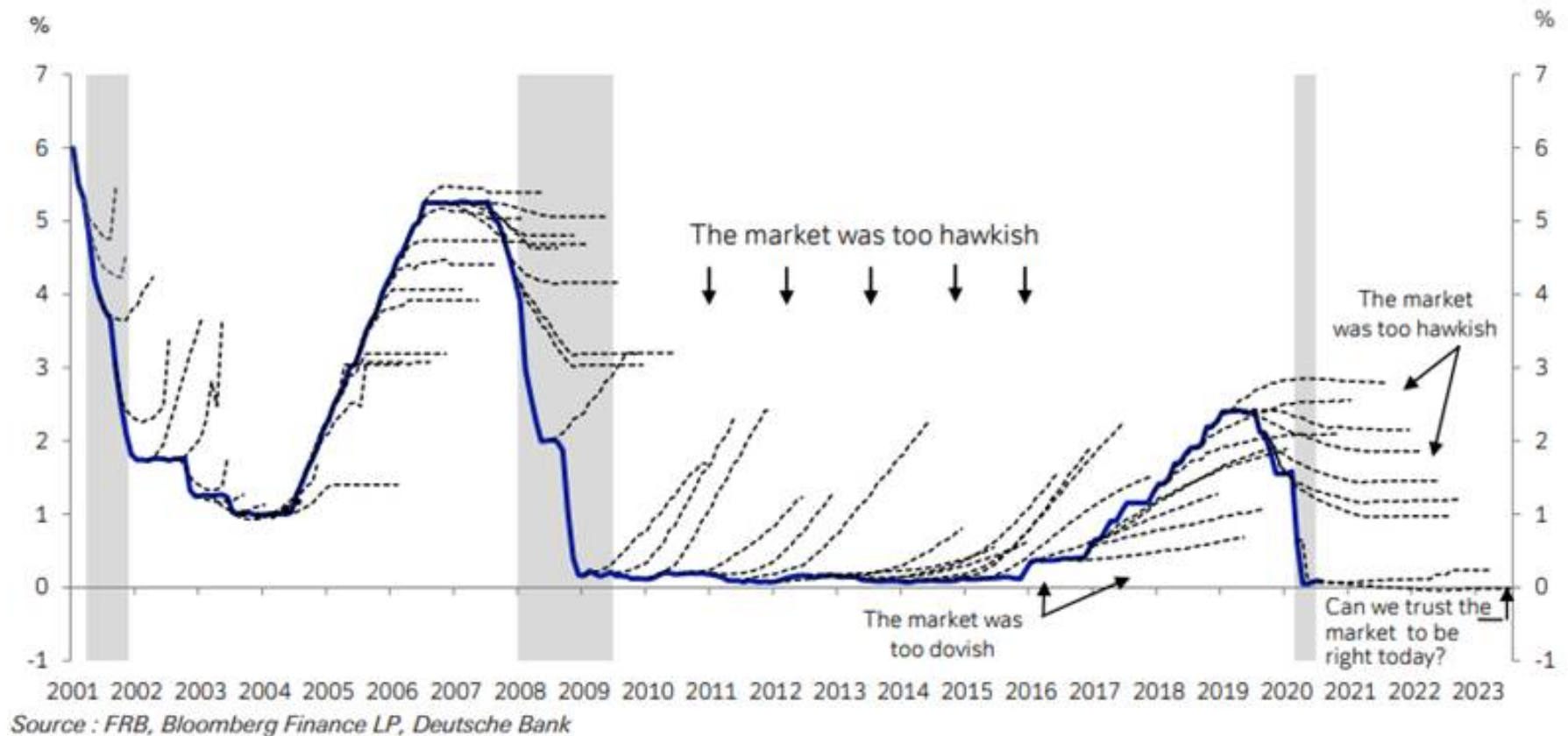




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Rates Will *Probably* Be Low for as Far as the Eye Can See  
But Things Do Change, and Consensus Can Be Wrong

Fed fund futures over the past two decades. The market is rarely right..

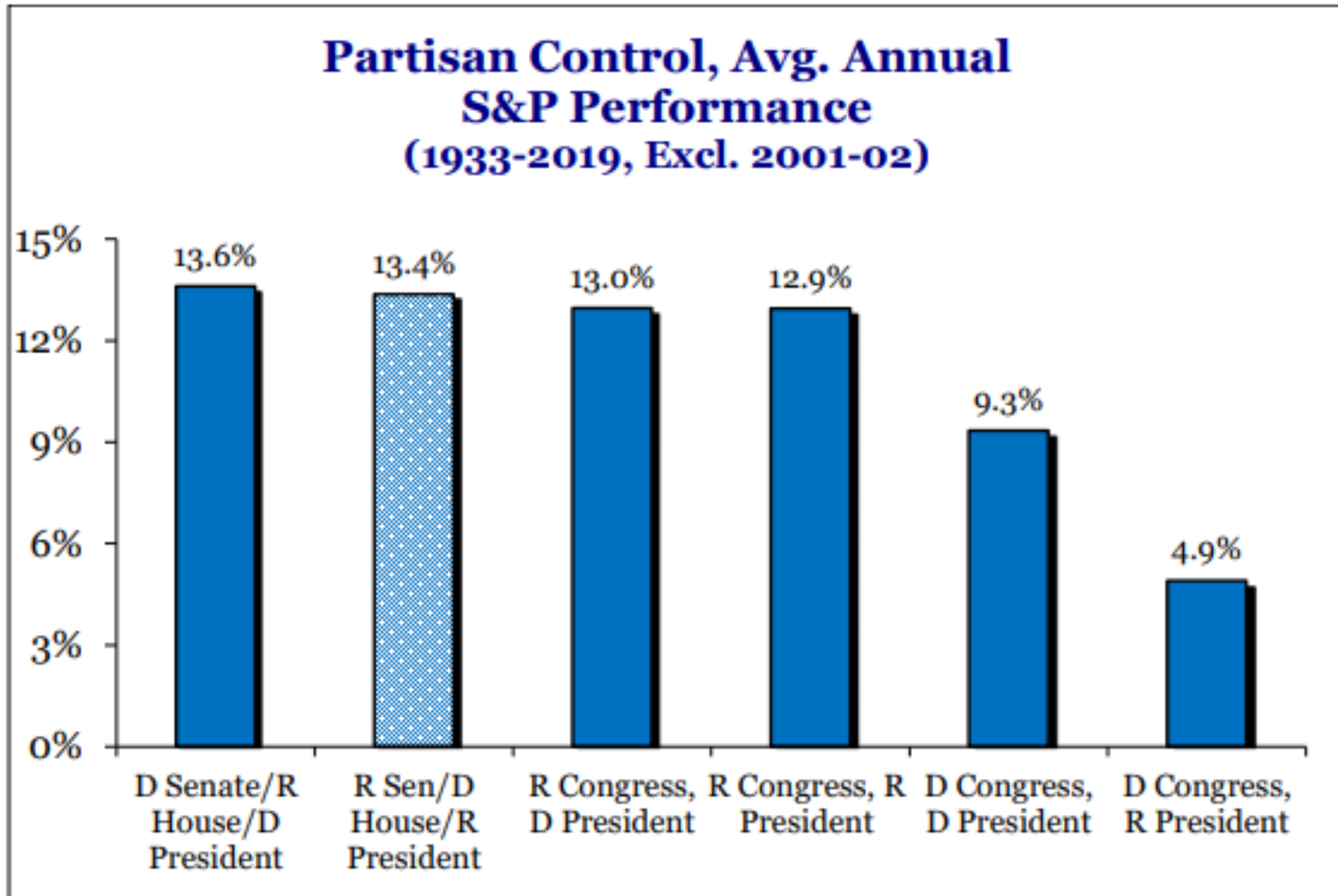


Source: FRB, Bloomberg Finance LP, Deutsche Bank.

Past performance is not indicative of future results.



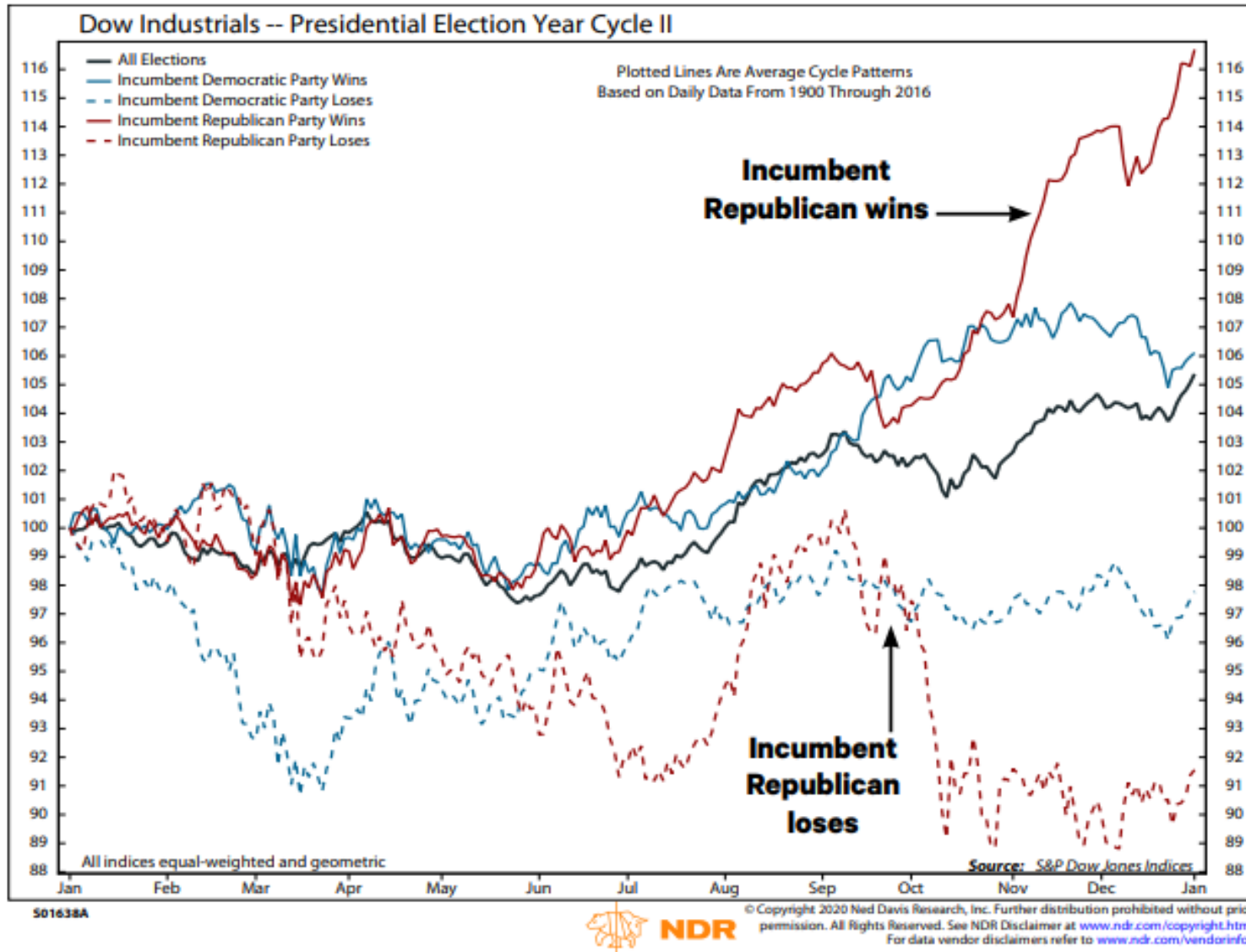
## November 3 Will Be Getting a Lot of Attention Historically, Capitalism Wins Long Term





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



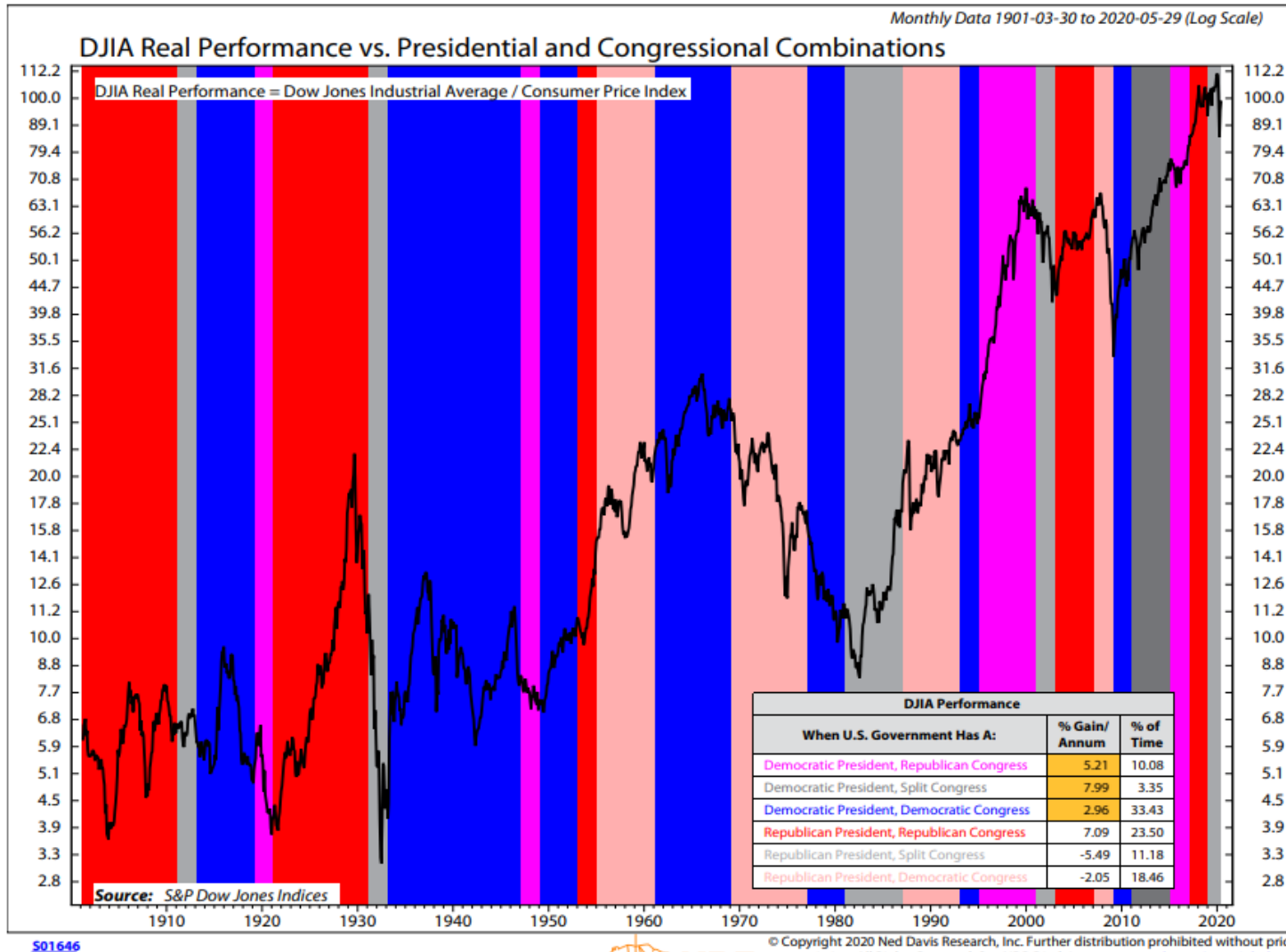
Source: Ned Davis Research.



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# Talking Points Only

## 120 Years of History to Review at Your Leisure



Source: Ned Davis Research.

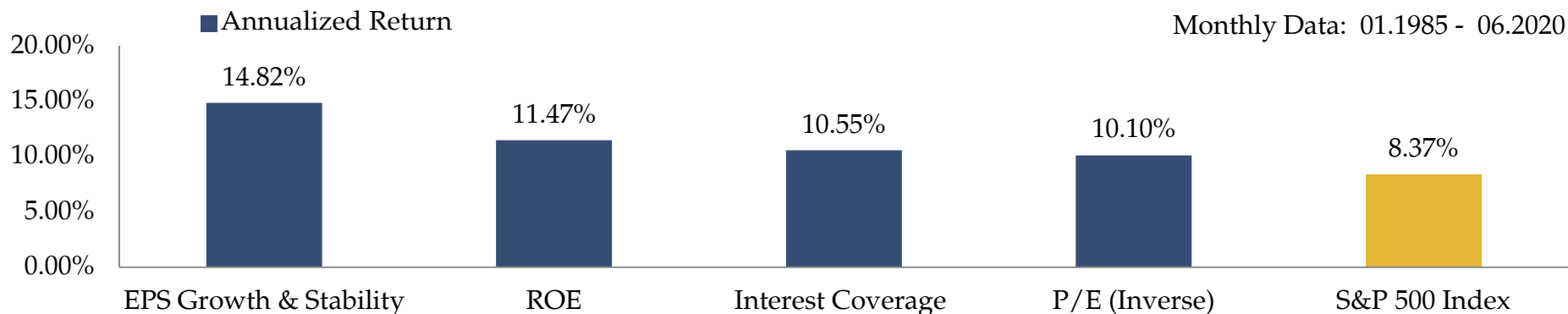


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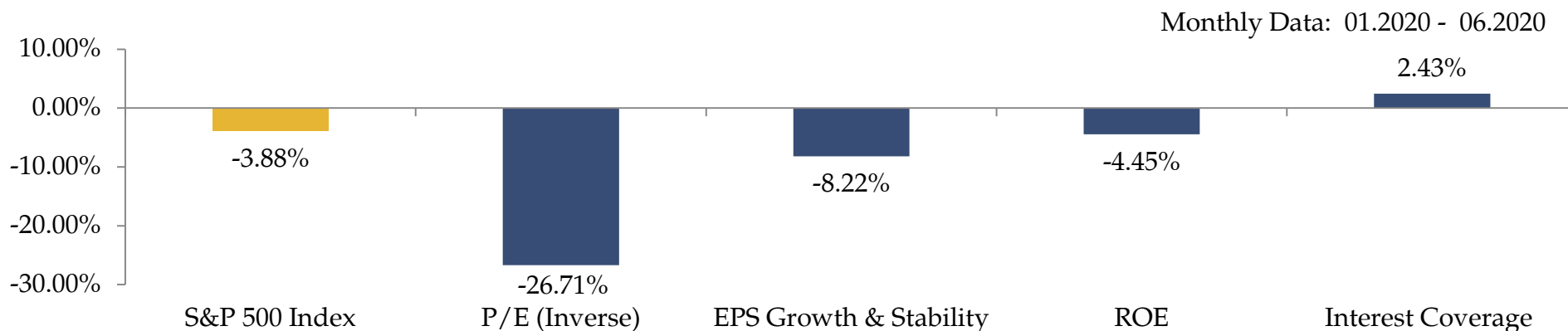
## The Sterling Four Pillar Philosophy Has Worked Over the Long-Term, but it Was Out of Favor in the 1H.2020

The Investment Team Defines High Quality Stocks as Equities 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 of Top Decile of S&P 500® Index by Factor YTD 06.30.2020



As of 06.30.2020. Source: Ned Davis Research, S&P Dow Jones Indices. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index.

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## Exhibit 1: S&P 500 Yearly Earnings Integers/Earnings Growth Forecasts

	2019 Earnings Integer	2019 % y-y	2020 Earnings Integer	2020 % y-y	2021 Earnings Integer	2021 % y-y	2019 P/E	2020 P/E	2021 P/E
<b>S&amp;P 500</b>	<b>159.7</b>	<b>0.5</b>	<b>126.8</b>	<b>(20.6)</b>	<b>162.9</b>	<b>28.5</b>	<b>18.3</b>	<b>25.5</b>	<b>19.8</b>
<b>Communication Services</b>	8.9	<b>6.3</b>	7.6	<b>(14.3)</b>	9.4	<b>24.3</b>	19.7	26.1	21.0
<b>Consumer Discretionary</b>	37.8	<b>0.2</b>	16.4	<b>(56.7)</b>	35.9	<b>118.7</b>	23.9	70.1	32.1
<b>Consumer Staples</b>	29.8	<b>0.0</b>	29.5	<b>(1.3)</b>	31.8	<b>8.0</b>	19.7	21.8	20.2
<b>Energy</b>	20.3	<b>(30.9)</b>	-0.4	<b>(101.9)</b>	9.2	<b>2556.8</b>	16.7	-747.4	30.4
<b>Financials</b>	35.6	<b>3.3</b>	23.2	<b>(34.7)</b>	30.9	<b>33.0</b>	11.9	16.6	12.5
<b>Health Care</b>	66.5	<b>10.2</b>	68.2	<b>2.6</b>	77.9	<b>14.2</b>	16.1	18.2	15.9
<b>Industrials</b>	34.6	<b>(4.5)</b>	16.5	<b>(52.4)</b>	31.2	<b>89.5</b>	17.8	36.3	19.2
<b>Information Technology</b>	67.5	<b>1.6</b>	69.4	<b>2.9</b>	79.8	<b>14.9</b>	22.6	26.4	22.9
<b>Materials</b>	16.5	<b>(25.1)</b>	12.9	<b>(21.4)</b>	16.7	<b>28.9</b>	17.8	26.3	20.4
<b>Real Estate</b>	11.8	<b>4.7</b>	11.0	<b>(6.6)</b>	11.9	<b>8.5</b>	19.9	20.5	18.9
<b>Utilities</b>	16.4	<b>9.2</b>	16.4	<b>(0.1)</b>	17.3	<b>5.7</b>	19.5	19.2	18.2

Source: FactSet, Jefferies. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index.

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## Special Opportunities Follows the Four Pillars “Faster, Lower, Higher, and Stronger”

### Pillar Metrics: Growth, Valuation, Profitability & Balance Sheet Strength

	Growth/Stablity				Valuation			Profitability		Balance Sheet	
	20y EPS Growth	21y EPS Growth	'16-'21 EPS CAGR	'19-'21 EPS Gr	21y P/E	21y EV/ EBITDA	21y EV FCF Yld	ROE	EBITDA Mgn	Interest Coverage	Leverage
SO Median *	-6%	14%	10%	10%	17.6	12.2	4.4%	15.9	26.3	6.3	2.3
R3000 Median	-18%	9%	3%	-9%	21.3	12.9	3.6%	7.1	13.6	2.7	2.5
vs Benchmark	12%	5%	7%	19%	-17%	-6%	23%	125%	93%	131%	-9%

*\*Representative account. Source: Bloomberg. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index.*

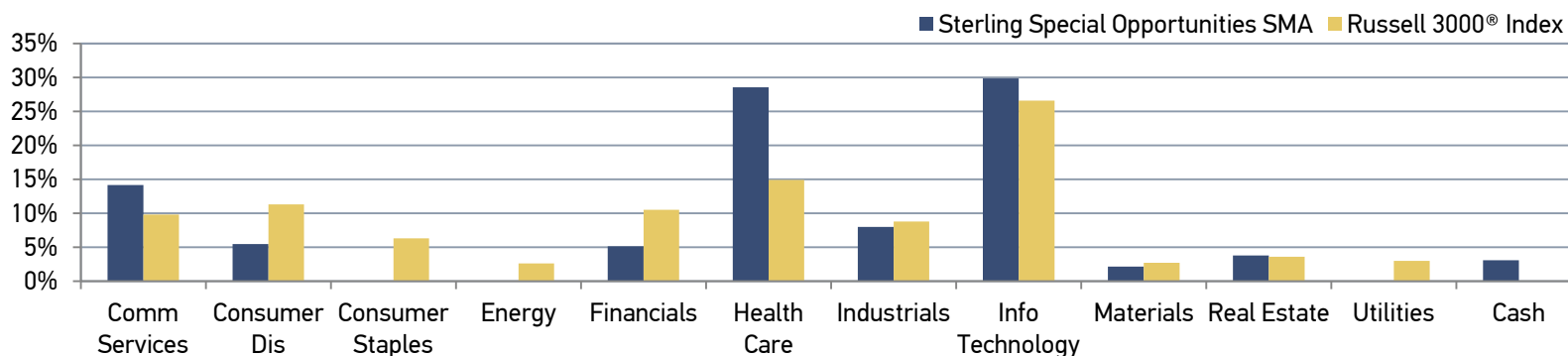
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# Special Opportunities SMA Positioning Overweight Healthcare and Technology

## Sector Allocation



## Top Ten Equity Holdings

1. Alphabet Inc. Class C	5.1%
2. UnitedHealth Group Incorporated	5.1%
3. Danaher Corporation	4.7%
4. Verisk Analytics Inc	4.7%
5. NXP Semiconductors NV	4.4%
6. Akamai Technologies, Inc.	4.4%
7. Intuit Inc.	4.1%
8. Bristol-Myers Squibb Company	4.0%
9. Cisco Systems, Inc.	3.9%
10. Hologic, Inc.	3.8%
<b>Total % of Portfolio</b>	<b>44.3%</b>

Data as of 06.30.2020. Index is Russell 3000®. 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 Sector Allocation and Top Ten Holdings are considered Supplemental Information to the Composite Disclosure Presentation located in the APPENDIX. Source: Russell Investments, FactSet, S&P, Sterling Capital Management Analytics.





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## Second Quarter Leaders and Laggards 30 Stocks Up; 2 Down

### Top 5 Performers:

- Hologic
- NXP Semiconductors
- Lennar
- Danaher
- Aptiv

### Bottom 5 Performers:

- Check Point Software
- Fiserv
- Charles Schwab
- F5 Networks
- Ryman Hospitality Properties

*Data as of 06.30.2020. The top/bottom performers are based on quarterly attribution to return. Specific securities identified and described do not represent all of the securities purchased, sold or recommended to clients. There are no assurances that securities identified will be profitable investments. The securities described are neither a recommendation nor a solicitation.*

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Added May 2020

## What Attracted Us to Stock?

- Industry Leader: #1 provider of aluminum beverage cans worldwide; > 100B units/year
- Mission Critical: Customers can't operate without Ball. Manufacturing proximity to bottling customers is important
  - Aluminum cans cost a few cents/unit, i.e. small cost of customers' product
- Niche Dominator: #1 provider of higher margin, faster growing, specialty cans; 42% of BLL's mix, 2x larger than the industry
  - Specialty cans used for craft beers, seltzers, wine, sparkling water, etc
- Disruptor: Accelerating *sustainability* trends driving shift from plastic to aluminum – aluminum is infinitely recyclable and has the highest scrap value of all commonly used packaging substrates.
  - Aluminum cup launches in retail and on premise outlets in 2021
- Quality Compounder: LT algorithm: growth capex (+3-5%), maximize existing operations (+3-5%), buybacks (+5-7%) = +10-15% EPS
  - During 2008, BLL fell -8% vs. S&P 500 -38%
  - During 2000/2001/2002, BLL rose +17%/+53%/+45% vs S&P 500 -10%/-13%/-23%



Source: Ball Corp

## Pillars

- Growth/Stability: Guiding medium-term earnings per share (EPS) growth above LT algorithm to high-teens
  - Net Income grew through the GFC
  - BLL's stock compound annual growth rate (CAGRs) over 10 and 20 years are: 22% & 17% vs. 13% & 9% for R2500
- Profitability: 14% Return on equity (ROE). Utilize EVA to consistently generate returns above cost of capital
- Balance Sheet: 3.7x levered. 5.5x interest coverage, slightly below LT average
- Valuation: On 2020 estimates, 15x EV/EBITDA and 4.2% Free Cash Flow Yield. Higher valuation justified due to high teens growth



Source: Ball Corp



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# We Added F5 Networks (FFIV) in Q2.2020

**Added June 2020**

## What Attracted Us to Stock?

- Leader: leading platform to deliver and secure enterprise applications in the cloud, to any user, anytime, anywhere
  - Acq NGINX, the worldwide leading web server
- Mission Critical: Employees need secure access to enterprise applications, on premise or remotely
  - IDC estimates applications instances will grow to 3.7 billion by 2023, a 40% CAGR from 2018
  - Shape doubled F5's security TAM to \$8 billion, detects and blocks more than 1 billion automated attacks per day
- Misunderstood: Transition from license/hardware to subscription/software should result in accelerating growth and a re-rating

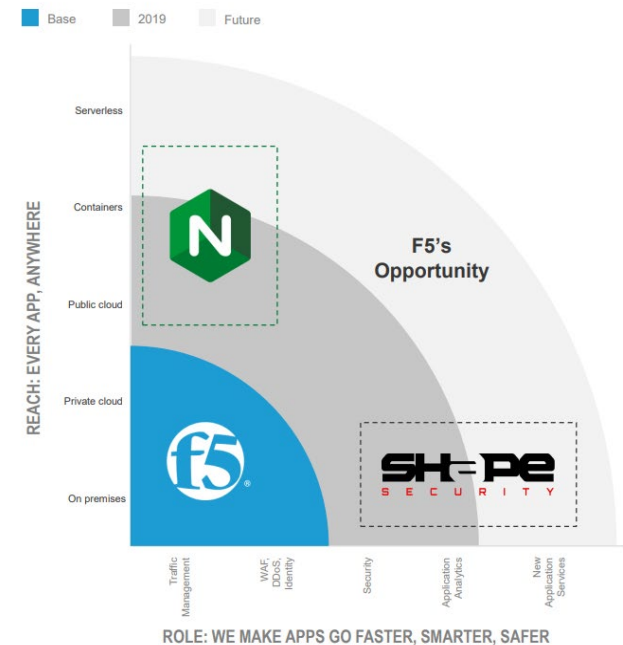
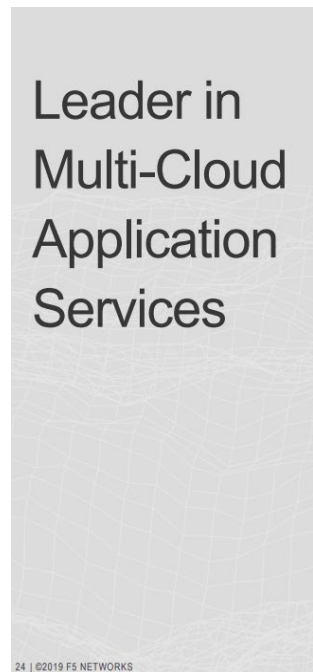
## Pillars:

- Growth/Stability: Revenue growth every year since 2007
  - 2/3 recurring revenues. 73% of software from subscriptions
- Profitability: 17% ROE, 32% 5-yr avg. 27% ROIC
  - 84% Gross Margins, 29% Operating Margins
- Balance Sheet: Net cash on the B/S
- Valuation: 14x 2021 P/E, 9.8x EV/'21e EBITDA, 8.7% FCF Yield

## APPLICATION SECURITY CONTINUES TO EMERGE AS GROWING NEED

- Driving core F5 systems and software security deployments
- Creating demand for the combination of F5 security on top of NGINX
- Strong customer interest for AI/ML-enabled Shape portfolio to combat growing bot and human threats
- Growing demand for application security as a managed service powered by Shape/Silverline combo

Source: F5 Networks



Source: F5 Networks



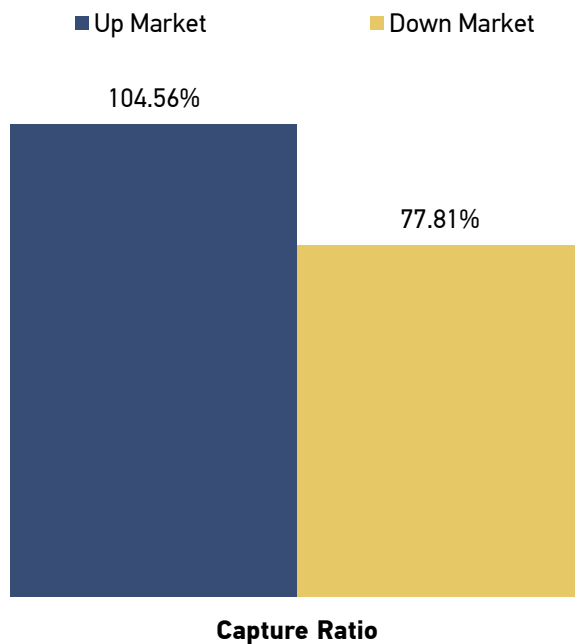
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# We Know We Did Not Deliver Against Our History, Or Your Expectation, in the First Quarter

## Up Market/Down Market Capture Ratio

### Sterling Special Opportunities SMA vs. Russell 3000® Index

*Gross of Fees, Since Inception (12.31.2000)*



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

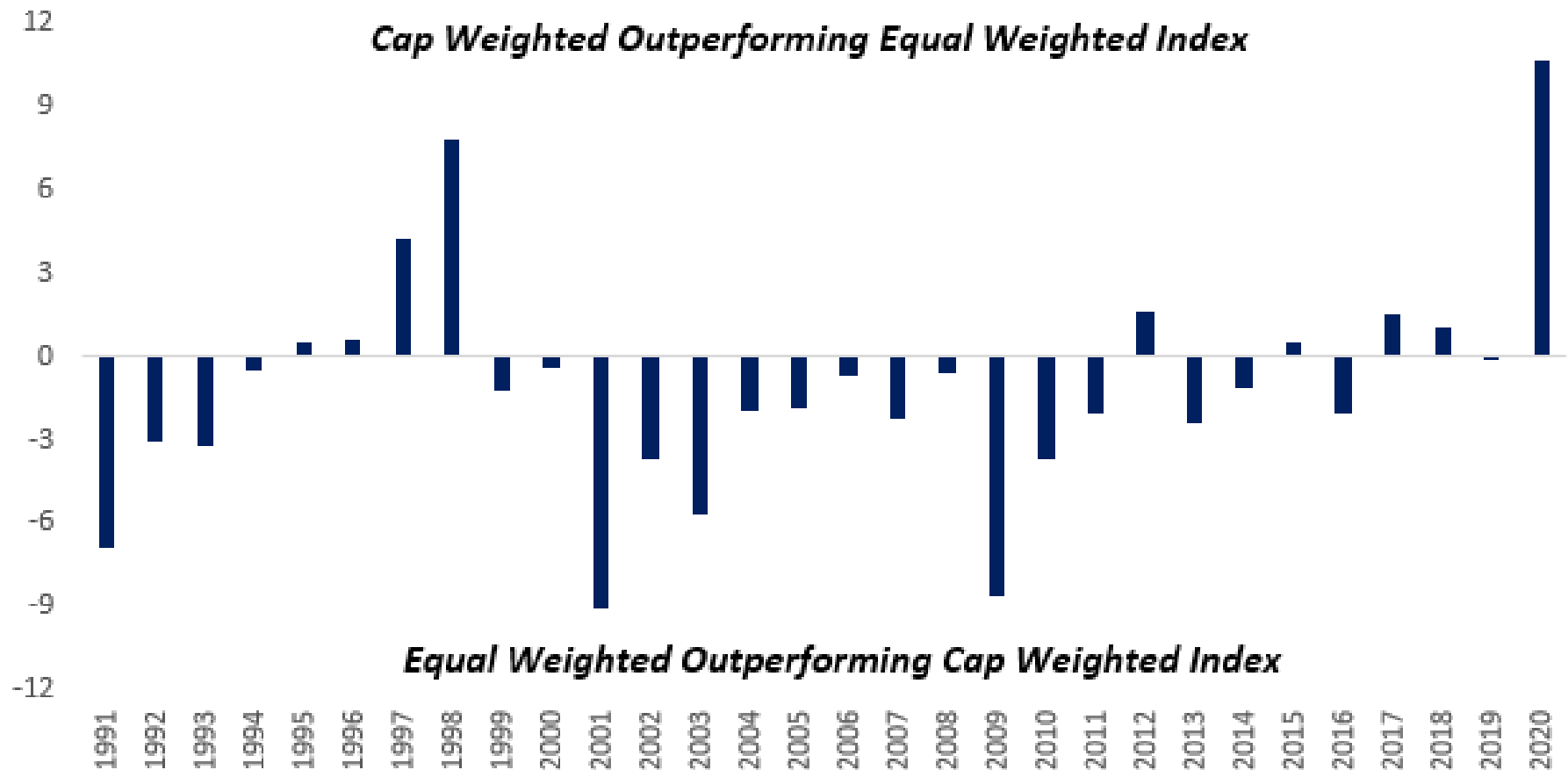
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If You Believe We Will Come OUT of Recession  
Then It Might Be Wise to Consider Broader Opportunities

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



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

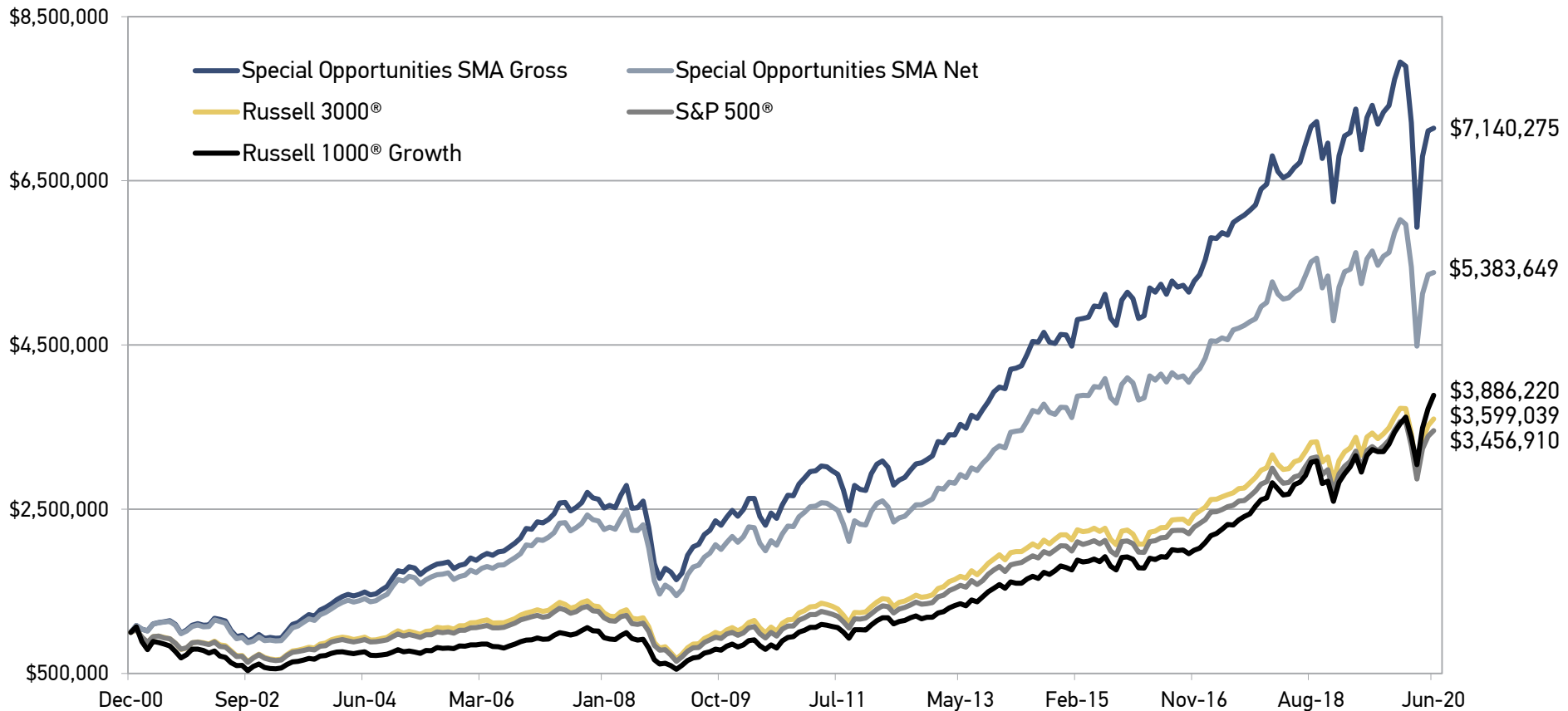
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# Special Opportunities: Growth of \$1 Million

## Sterling Special Opportunities SMA Gross and Net of Fees, Since Inception (12.31.2000)



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. "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.

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Q&A

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



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

**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®:** *The Russell 1000® Index, a subset of the Russell 3000 Index, measures the performance of the largest 1,000 U.S. companies, representing over 90% of the investable U.S. market.*

**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 1000® Value:** *The Russell 1000® Value Index measures the performance of value style of investing in Large Cap U.S. stocks. The Value Index contains those Russell 1000 securities with less-than-average growth orientation. Securities in the Value Index generally have lower price-to-book and price-to-earnings ratios than those in the Growth Index.*

**Russell 2000®:** *The Russell 2000® index is an index measuring the performance of approximately 2,000 smallest-cap American companies in the Russell 3000 Index, which is made up of 3,000 of the largest U.S. stocks. It is a market-cap weighted index.*

**Russell 2000® Growth:** *Russell 2000® Growth Index measures the performance of growth style of investing in small cap U.S. stocks. The Growth Index contains those Russell 2000 securities with greater-than-average growth orientation.*

**Russell 2000® Value:** *Russell 2000® Value Index measures the performance of value style of investing in small cap U.S. stocks. The Value Index contains those Russell 2000 securities with less-than-average growth orientation. Securities in the Value Index generally have lower price-to-book and price-to-earnings ratios than those in the Growth Index.*

**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.*

*The opinions contained in the preceding presentation reflect those of Sterling Capital Management LLC, and not those of BB&T Corporation now Truist Financial Corporation or its executives. The stated opinions are for general information only and 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. 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 BB&T Corporation now 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 BB&T Corporation now Truist Financial Corporation, Branch Banking and Trust Company now Truist Bank or any affiliate, are not guaranteed by Branch Banking and Trust Company now 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 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 <u>Net of Fees</u>	No. of <u>Portfolios</u>	Composite Assets End of Period <u>(\$MM)</u>	Percent of <u>Firm Assets</u>	Total Firm Assets <u>(\$MM)</u>	Composite Dispersion (%)	Russell 3000 <u>Index</u>	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 12/31/18. The verification report(s) is/are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.**

## Notes:

1. Sterling Capital Management LLC (SCM) is a registered investment advisor with the SEC. Registration does not imply a certain level of skill or training. Sterling manages a variety of equity, fixed income and balanced assets. Prior to January 2001, Sterling was a wholly owned subsidiary of United Asset Management (UAM). In January 2001, Sterling Capital Management LLC purchased all the assets and business of Sterling Capital Management Company from UAM to become an employee owned firm. In April 2005, BB&T Corporation purchased a majority equity ownership stake in Sterling Capital Management LLC. In October 2010, the management group of Sterling Capital entered into an agreement with BB&T Corporation that reduced and restructured management's interest in Sterling Capital Management. Additionally, BB&T Asset Management merged into Sterling Capital Management. In January 2013, CHOICE Asset Management firm merged into Sterling Capital Management. "Percent of Firm Assets" and "Total Firm Assets" prior to 2013 are for CHOICE Asset Management. In August 2015, eight new employees joined Sterling Capital management via Stratton Management Company following the close of BB&T's purchase of Susquehanna Bancshares. In December 2019, BB&T Corporation and SunTrust Banks, Inc. Holding Company merged as equals to form Truist Financial Corporation. Sterling Capital Management LLC is a wholly owned subsidiary of Truist Financial Corporation.
2. George F. Shipp, CFA, has managed the portfolio since inception. No alterations of composites, as presented herein, have occurred due to changes in personnel or other reasons at any time.
3. Inception date of composite: December 31, 2000. Creation date: December 31, 2000. The appropriate 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.