

# Sterling Capital Management – Stratton Small Cap Value Composite

January 1, 2008 – December 31, 2017

**Description:** Consists of all discretionary separately managed small capitalization equity portfolios managed in the Stratton relative value style. Sterling's Stratton small capitalization equity accounts invest primarily in companies similar to the market capitalization of the Russell 2000® Index.

<u>Year</u>	<u>Total Return Gross of Fees</u>	<u>Total Return Net of Fees</u>	<u>No. of Portfolios</u>	<u>Total Assets End of Period (\$MM)</u>	<u>Percent of Firm Assets</u>	<u>Total Firm Assets (\$MM)</u>	<u>Composite Dispersion (%)</u>	<u>Russell 2000® Value</u>	<u>Composite 3-yr St Dev (%)</u>	<u>Benchmark 3-yr St Dev (%)</u>
2017	14.37	13.41	1	1,184	2	55,908	not meaningful	7.84	13.00	13.97
2016	26.51	25.55	1	1,277	2	51,603	not meaningful	31.74	14.08	15.50
2015	-3.03	-3.93	2	1,163	2	51,155	not meaningful	-7.47	12.58	13.46
2014	4.24	3.31	2	1,419	48	2,987	not meaningful	4.22	11.26	12.79
2013	40.82	39.60	2	1,167	44	2,638	not meaningful	34.52	14.75	15.82
2012	16.48	15.44	2	832	40	2,074	not meaningful	18.05	17.37	19.89
2011	1.55	0.64	1	772	41	1,903	not meaningful	-5.50	21.93	26.05
2010	24.43	23.33	1	856	41	2,071	not meaningful	24.50	23.66	28.37
2009	19.37	18.26	1	856	37	2,295	not meaningful	20.58		
2008	-24.86	-25.55	1	662	33	1,982	not meaningful	-28.92		
Annualized Since Inception	12.12	11.09						9.13		

**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 12/31/16. 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. There were no changes in personnel. In April 2005, BB&T Corporation purchased a majority equity ownership stake in Sterling Capital Management LLC. There were no changes in personnel. 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. There were no material changes in personnel. In January 2013, CHOICE Asset Management firm merged into Sterling Capital Management. There were no changes in personnel. In August 2015, 8 new employees joined Sterling Capital management via Stratton Management Company following the close of BB&T's purchase of Susquehanna Bancshares. There were no changes to personnel. "Percent of Firm Assets" and "Total Firm Assets" prior to 2015 are for Stratton Management Company, a wholly owned subsidiary of Susquehanna Bancshares, Inc.
2. Inception date of composite: December 31, 2001. Creation date: September 30, 2011. The appropriate index is the Russell 2000® Value Index which consists of stocks from the Russell 2000® Index with a less than average growth orientation and lower price-to-book ratios. It represents the universe of stocks from which value managers typically select. The index is reconstituted annually since 1989. 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.
3. Performance reflects reinvested interest income and dividends and realized and unrealized capital gains and losses. Valuations and performance are reported in US dollars. Beginning on August 1, 2015, all portfolios are valued monthly as of calendar month-end and utilize trade-date and accrued income accounting. 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.
4. Gross of fees returns reflect the deduction of trading costs. Net of fee performance returns are presented after actual management fees and trading expense. Beginning on August 1, 2015, The stated fee schedule is: 1.00% on the first \$25 million and 0.75% on all incremental assets above \$25 million on an annual basis as described in Sterling Capital Management's Form ADV, Part 2A.
5. 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.
6. 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.