



STERLING  
CAPITAL

## Focus Equity Review

05.20.2020



- *This webcast is being recorded.*
- *The material presented in this presentation is as of 03.31.2020, 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.*



## WebEx Agenda:

- Why Focus Equity
- People
- Process
- Product
- Performance
- Q&A



**Colin Ducharme, CFA®**  
Executive Director  
PM Focus Equity



**Jeremy M. Lopez, CFA®**  
Director  
APM Focus Equity



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



## 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

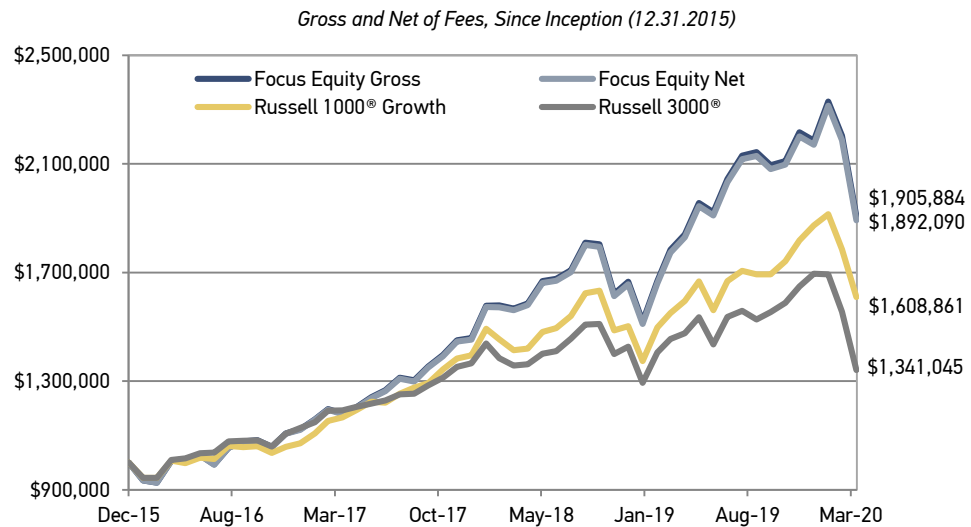
## Long-Term Focus and Tax Efficiency

- Enables time horizon arbitrage when other investors may be focused on short-term results, while low turnover (historically <10%) 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 03.31.2020. 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. 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 the Up/Down Market Capture on page 27.

Any type of investing involves risk and there are no guarantees that these methods will be successful.

**People**



## THE FIRM

- Institutional investment advisor based in Charlotte, NC; offices in Raleigh, Virginia Beach, Philadelphia, San Francisco, Richmond and Washington, DC
- \$64 Billion in Assets Under Management and Assets Under Advisement
- Founded in 1970
- Independently-managed firm that is part of BB&T Corporation now Truist Financial Corporation – one of the largest and most respected financial services institutions in the country

## THE PEOPLE

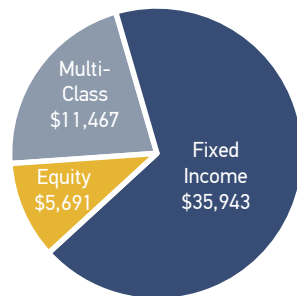
- 160 seasoned investment professionals, client service and administrative associates
- Highly motivated personnel with varied experience to act as subject matter experts:
  - 47 CFA® designees in the firm
  - Independent fundamental equity and credit research
  - Quantitative proprietary risk modeling

Experience	Average Yrs
Portfolio Managers	24
Investment Analysts	14
Traders	19
Client Strategists	19

38 Portfolio Managers    22 Investment Analysts    6 Traders    24 Client Strategists    8 Client Analysts    38 Operations    7 Compliance    17 Staff

## DIVERSIFIED INVESTMENT STRATEGIES

Assets Under Management (Millions)



Equity	Fixed Income	Yield-Focused
Large Cap	Treasuries	Investment Grade Corporate
Mid Cap	Municipals	Preferreds
Small Cap	Government Related	High Yield Corporate
All Cap	Investment Grade Corporate	Securitized
Opportunistic	High Yield Corporate	Dividend Equity
International	Securitized	
Behavioral Finance	Inflation Protected	
Active/Factor	Floating Rate	
Focused/Diversified	Multi-Sector	
Real Estate	Unconstrained	

As of 03.31.2020. Sterling's preliminary Assets Under Advisement ("AUA") differs from our regulatory Assets Under Management ("AUM") for which we provide continuous and regular investment management services as disclosed in our ADV. AUA generally refers to non-discretionary assets for which Sterling provides advice or consultation for which Sterling does not have authority to effectuate transactions. Such services include Model portfolios and assets Sterling advises as an outsourced Chief Investment Officer on a non-discretionary basis. Important Information – Designation: The **Chartered Financial Analyst® (CFA)** charter is a graduate-level investment credential awarded by the CFA Institute — the largest global association of investment professionals. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.



## CORPORATE

Adobe Systems, Inc.	KLA Corporation
Amazon	L&L Investments
Atara Biotherapeutics, Inc.	Murata Machinery USA, Inc.
Atrion Corporation	NetApp, Inc.
BB&T Corp. now Truist Financial Corp.	NortonLifeLock, Inc.
Bellicum Pharmaceuticals, Inc.	Telenav
Cato Corporation	TriNet USA, Inc.
Eastern Re Ltd. SPC	Viavi Solutions
Environmental Chemical Corporation	Workday Ltd.
Evapco Inc.	ZenDesk, Inc.

## HEALTH CARE

Baptist Health Care	OrthoCarolina Solutions
Carolinas HealthCare System	Parkview Health System, Inc.
Charleston Area Medical Center	SSM Health Care
Cullman Regional Medical Center	Sentara Healthcare
FirstHealth of the Carolinas	SCL Health
Health First	Southeast Alabama Medical Center
High Point Comm. Health Fund, Inc.	The Pines at Davidson
Inova Health System	WakeMed Health & Hospitals
Lexington County Health Services	West Orange Healthcare District
Norton Healthcare	

## TAFT-HARTLEY

Cleveland Bakers & Teamsters Pension Fund  
 IBEW Local #164  
 IBEW Pension Benefit Fund  
 Refrigeration, AC & Service Division (UA-NJ) - Pension Fund  
 Union Electrical Industry Master Trust

## INSURANCE

Builders Mutual Insurance	Louisiana Hospital Association
Edison Insurance	Optima Health Insurance
FedNat Holding Company	ProAssurance Casualty Company
Florida Peninsula Insurance	Spackler Insurance Company Inc.
Healthcare Providers Insurance	Virginia Farm Bureau Mutual Insurance

## PUBLIC SECTOR

County of Henrico  
 State of Alabama, State Treasurer  
 The Ohio State University  
 West Travis County Public Utility Agency  
 West Virginia Board of Treasury Investments

## NON-PROFIT

Apalachee Center, Inc.	Global Endowment Management
Archdiocese of Baltimore	Peach Bowl Inc.
Archdiocese of Cincinnati	Richard King Mellon Foundation
Charter Schools USA, Inc.	Samaritan's Purse
Elon University	Seabrook Village, Inc.
Episcopal Diocese of North Carolina	The Cooper Foundation
Florida Charter Edu. Fdn., Inc.	The Foundation for Public Broadcasting in GA
Foundation for the Carolinas	

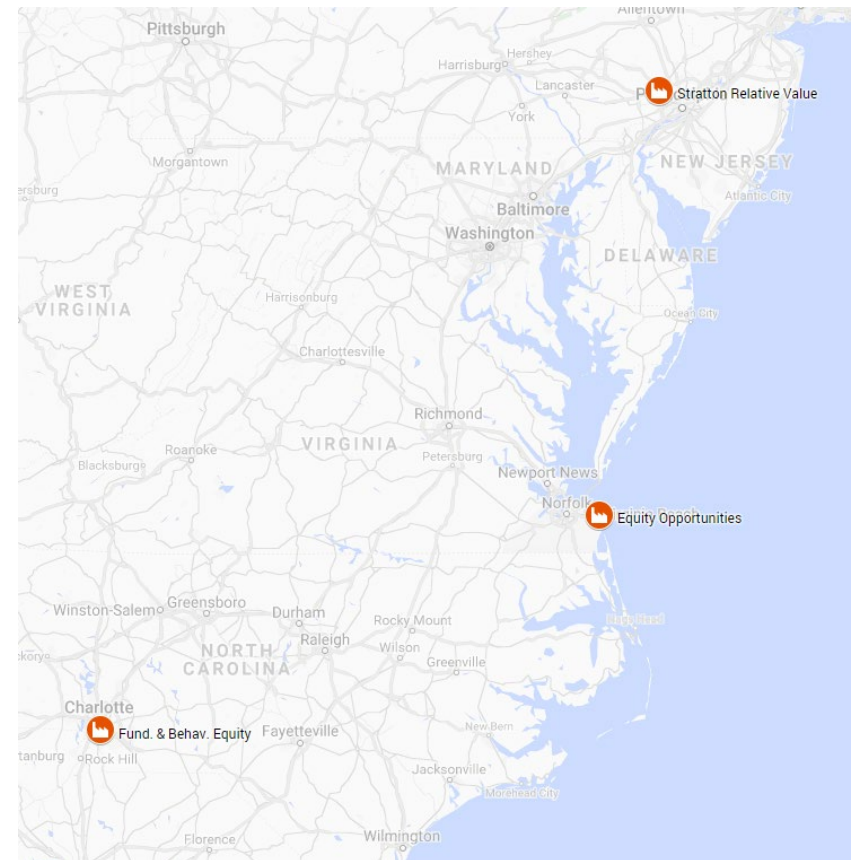
## SUB-ADVISORY/MODEL/WRAP

BB&T Securities  
 Natixis Global Asset Management  
 Robert W. Baird & Company  
 Sterling Capital Funds



## Distinctive Active Equity Management

- We are an active manager of \$8.7 billion in equity assets under management and assets under advisement, and we offer products for individuals and institutions
- Four equity platforms create distinct, high conviction strategies
  - Fundamental (Charlotte)
  - Behavioral Equity (Charlotte)
  - Equity Opportunities (Virginia Beach)
  - Stratton Relative Value (Philadelphia)
- Focus on performance
  - Investment team incentives align with our investors over the short- and long-term
  - Our teams personally, and significantly, invest in our own strategies
  - We overlay proprietary risk analytics across our platform and firm
- Our culture is service-based, with a variety of team members directly interfacing with clients
  - Portfolio Managers
  - Client Portfolio Managers
  - Relationship Managers



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NAME & TITLE	INVESTMENT RESPONSIBILITIES	YEARS OF INVESTMENT EXPERIENCE	YEARS WITH STERLING
<b>Colin R. Ducharme, CFA®</b> Executive Director	Lead Portfolio Manager	16	9
<b>George F. Shipp, CFA®</b> Senior Managing Director	Senior Equity Analyst	38	19
<b>Adam B. Bergman, CFA®</b> Executive Director	Senior Equity Analyst	18	13
<b>Joshua L. Haggerty, CFA®</b> Executive Director	Senior Equity Analyst	22	15
<b>Charles J. “Chip” Wittmann, CFA®</b> Executive Director	Senior Equity Analyst	25	6
<b>Daniel A. Morrall</b> Executive Director	Senior Equity Analyst	19	6
<b>Jeremy M. Lopez, CFA®</b> Director	Senior Equity Analyst	23	4
<b>R. Griffith “Griff” Jones</b> Executive Director	Senior Equity Trader	20	19
<b>Timothy B. Reyes</b> Associate Director	Equity Trader	16	10
<b>Rebecca A. Dorfman</b> Associate Director	Equity Trader/Portfolio Implementation Specialist	12	9
<b>Whitney L. Stewart, CFA®</b> Executive Director	Client Portfolio Manager	15	2

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## Professional Career

### *Investment Management*

- Executive Director, Equity Opportunities (9 years)
- Vice President at Chase Investment Counsel (5 years)
- Highlights
  - Portfolio Manager: Focus Equity has exceeded its benchmark from inception to 03.31.2020\*

### *Athletics*

- Professional basketball, Italy & France (3 years)
- Highlights
  - Division II National Player of the Year at Longwood University
  - VA State Player of the Year in final year at Douglas Freeman High School

## Education

- B.A. Physics, UVa
- MS Materials Science and Engineering, MIT
- MBA, MIT Sloan

## Accreditations

- Chartered Financial Analyst (CFA®)
- Certified Public Accountant (CPA®)

\*Inception date is 12.31.2015. See Performance History on page 24.

As of 03.31.2020. For a definition of all title designations, please see "Important Information – Designations" located in the APPENDIX.

**Process**



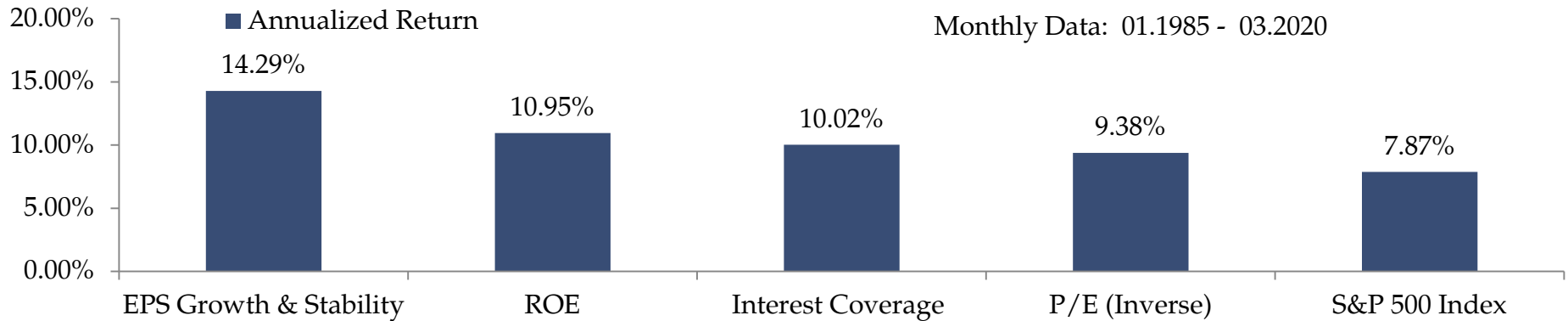
We Target Companies We Believe Can Generate Double Digit Returns With:

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

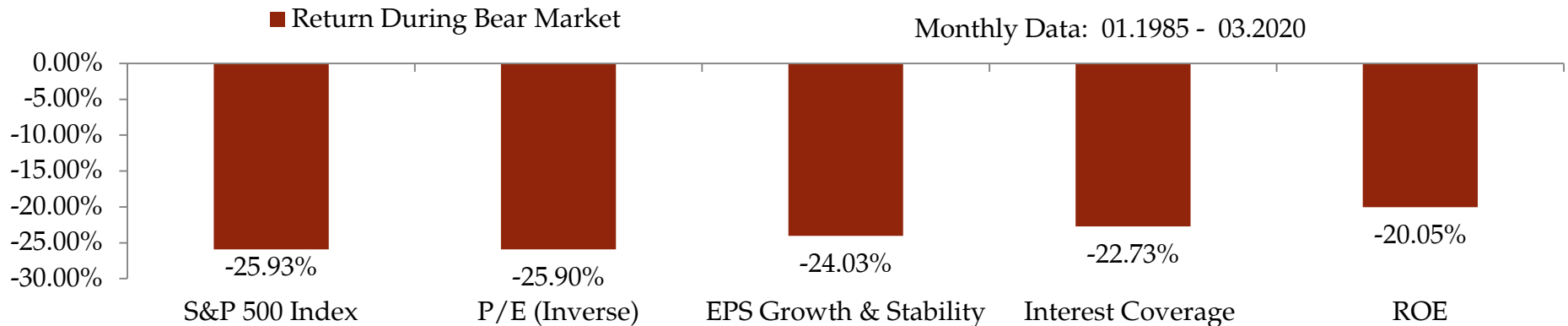


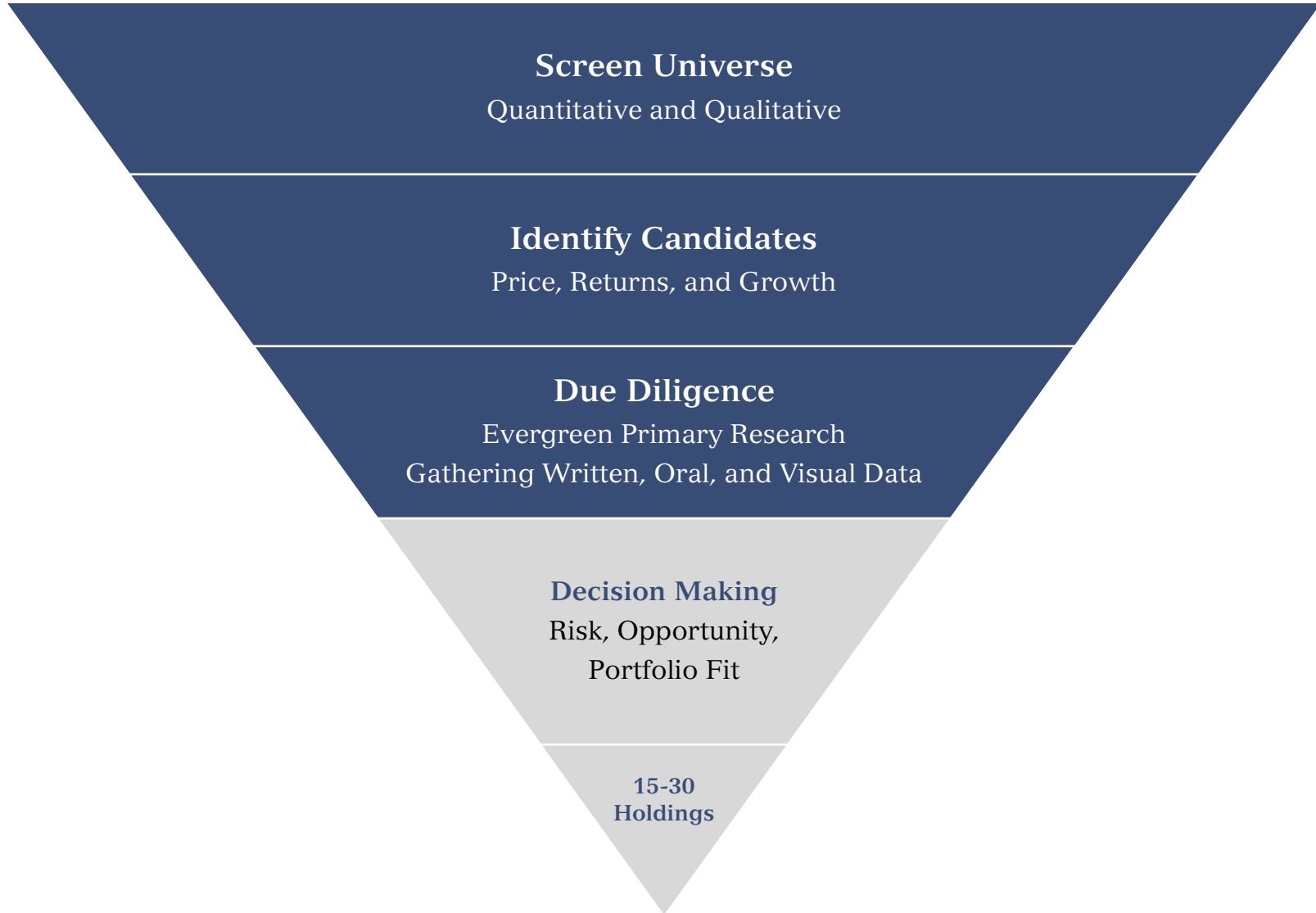
Seek Capital Appreciation and Risk Reduction by Constructing Portfolios with Attractive Valuations (P/E), Robust Operating Growth (EPS Growth/Stability), High Profitability (ROE), & Strong Balance Sheets (Interest Coverage)

## 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







- Build a detailed understanding of each opportunity's fundamental business and market positioning
- Actively seek unique opportunities to meet management and industry experts
- Gather various data forms including oral (e.g. interviews), written (e.g. publications), and visual (e.g. site visits)
- Debate investment merits with other analysts on our team, providing a holistic view of the opportunity
- Create expectations for price, returns, and growth and assess Focus Equity portfolio fit





Sell

Return Target has been Met

Watch List Candidate is  
More Attractive

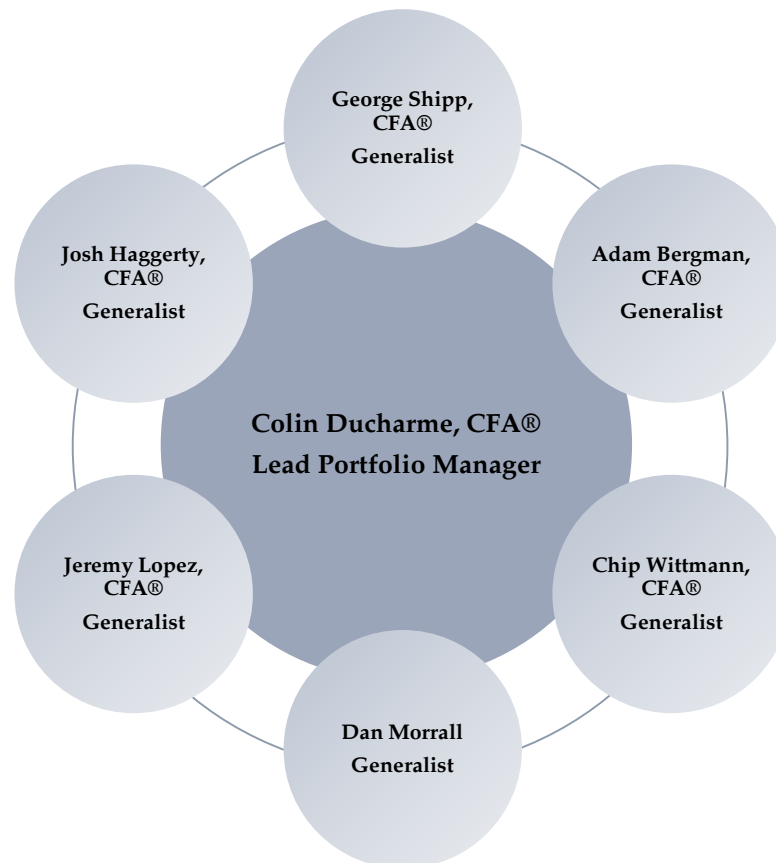
Investment Thesis  
has Changed





**“Generalist” idea generation with broad coverage overlaps incentivizes collaboration across multiple viewpoints**

- Flat organization encourages challenging/promoting ideas
- Incentive structure rewards both individual stock selection and teamwork
- Final authority resides with Portfolio Manager





	Analyst							Total Avg	
	JH	CD	DM	AB	JL	CW	Avg		GS
XXX	1	2	1	1	2	1	1.3	1	1.3
XXX	1	1	2	1	1	2	1.3	1	1.3
XXX	2	3	2	1	1	1	1.7	1	1.6
XXX	1	2	1	1	4	1	1.7	2	1.7
XXX	1	3	4	2	2	2	2.3	1	2.1
XXX	3	3	3	1	2	3	2.5	1	2.3
XXX	3	5	1	3	1	2	2.5	2	2.4
XXX	2	2	2	1	4	3	2.3	4	2.6
XXX	3	4	3	3	2	2	2.8	2	2.7
XXX	2	1	5	2	1	4	2.5	4	2.7
XXX	4	1	5	2	1	3	2.7	3	2.7
XXX	1	5	1	4	4	3	3.0	1	2.7
XXX	2	4	2	4	4	1	2.8	3	2.9
XXX	3	1	4	2	3	4	2.8	3	2.9
XXX	4	3	1	4	1	5	3.0	2	2.9
XXX	1	2	5	3	3	4	3.0	2	2.9
XXX	4	1	3	2	2	4	2.7	4	2.9

Source: Sterling Capital Analytics



Source: Clipground

- Each analyst/portfolio manager **independently ranks their conviction** of all portfolio holdings on a scale of 1 to 5 with an equal distribution of 1s, 2s, 3s, 4s and 5s.
- The portfolio holdings' **rankings are shared, discussed, and debated** with the entire investment team in a 3+ hour meeting.
- Since the team is comprised of generalists and their incentive structures are aligned with portfolio alpha, the portfolio **rankings and discussions are objective**. The goal of the process is to help optimize long-term risk-adjusted returns.

**Product**



- **Performance**
  - “What matters most to you matters most to us”
- **Flexibility**
  - Market Capitalization, Investment Style, Benchmark Source, and Position Size
- **Efficiency**
  - Low Turnover, Direct Research



## Sterling Focus Equity

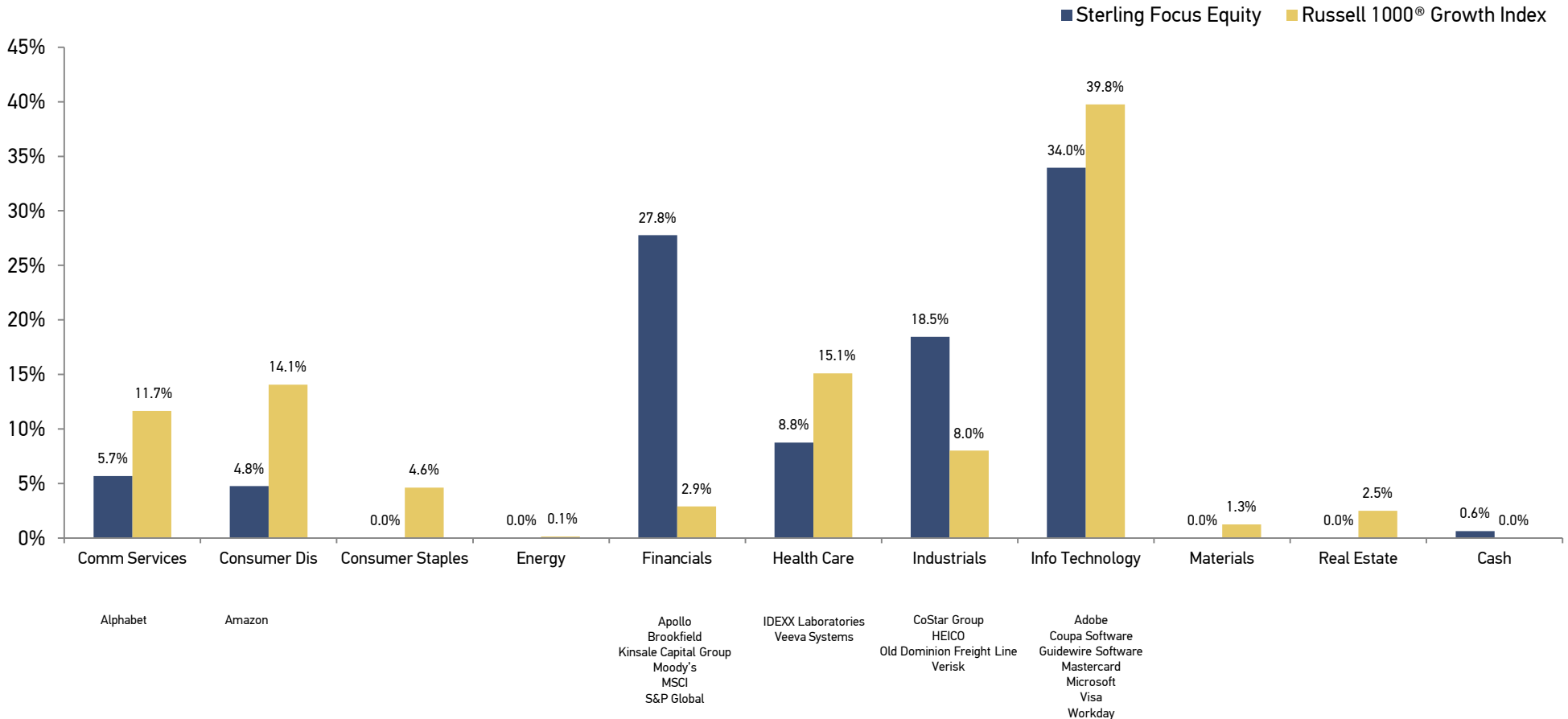
Portfolio Characteristics		
	Sterling	Index
Wtd. Average Market Cap	\$252.6B	\$382.5B
Wtd. Median Market Cap	\$39.7B	\$128.7B
Wtd. Harmonic Median P/E Ratio (FY1)	30.0x	22.0x
Median Historical 3-Year EPS Growth	31.4%	17.5%
Median Est. 3-5 Year EPS Growth	14.8%	10.2%
Median Net Debt/EBITDA	0.3	1.7
Median Return on Equity	20.8%	19.2%
Number of Holdings	21	532
Active Share	77.2%	---
Turnover	32.0%	---

Top Ten Equity Holdings	
1. Moody's Corporation	9.3%
2. Mastercard Incorporated Class A	8.9%
3. Microsoft Corporation	8.5%
4. CoStar Group, Inc.	5.7%
5. Alphabet Inc. Class C	5.7%
6. S&P Global, Inc.	5.4%
7. IDEXX Laboratories, Inc.	5.3%
8. Brookfield Asset Management Inc. Class A	5.3%
9. HEICO Corporation Class A	5.0%
10. Amazon.com, Inc.	4.8%
<i>Total % of Portfolio</i>	<i>63.8%</i>

*Data as of 03.31.2020. Index is Russell 1000® Growth. Turnover is for the last 12 months. 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 Characteristics and Top Ten Holdings are considered Supplemental Information to the Composite Disclosure Presentation located in the APPENDIX. Source: Russell Investments, FactSet, Sterling Capital Management Analytics.*

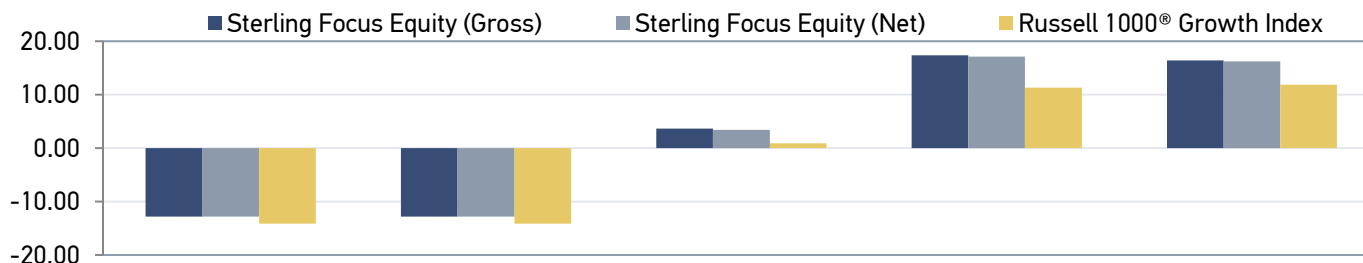


## Sterling Focus Equity

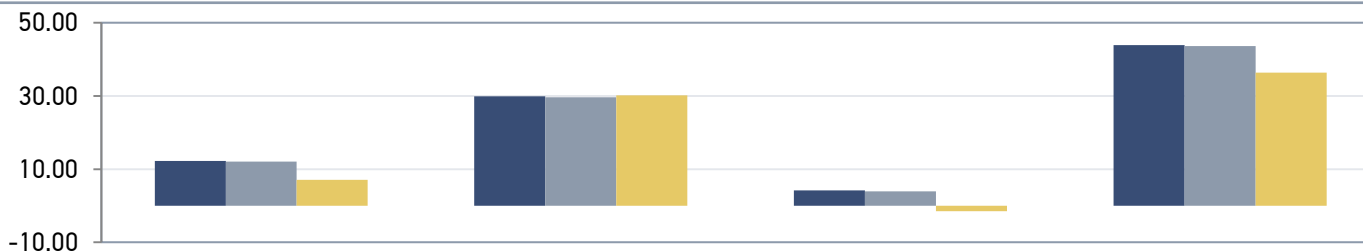


*Data as of 03.31.2020. Totals may not equal 100% due to rounding. Specific securities identified and described do not represent all of the securities purchased, sold or recommended to clients. There are no assurances that securities identified will be profitable investments. The securities described 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. Source: Russell Investments, FactSet, Sterling Capital Management Analytics.*

**Performance**



Performance	QTR	YTD	1 Year	3 Year	Since Inception*
Sterling (Gross)	-12.79%	-12.79%	3.63%	17.33%	16.39%
Sterling (Net)	-12.83%	-12.83%	3.43%	17.12%	16.19%
Russell 1000® Growth	-14.10%	-14.10%	0.91%	11.32%	11.84%
Russell 3000®	-20.90%	-20.90%	-9.13%	4.00%	7.15%



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.

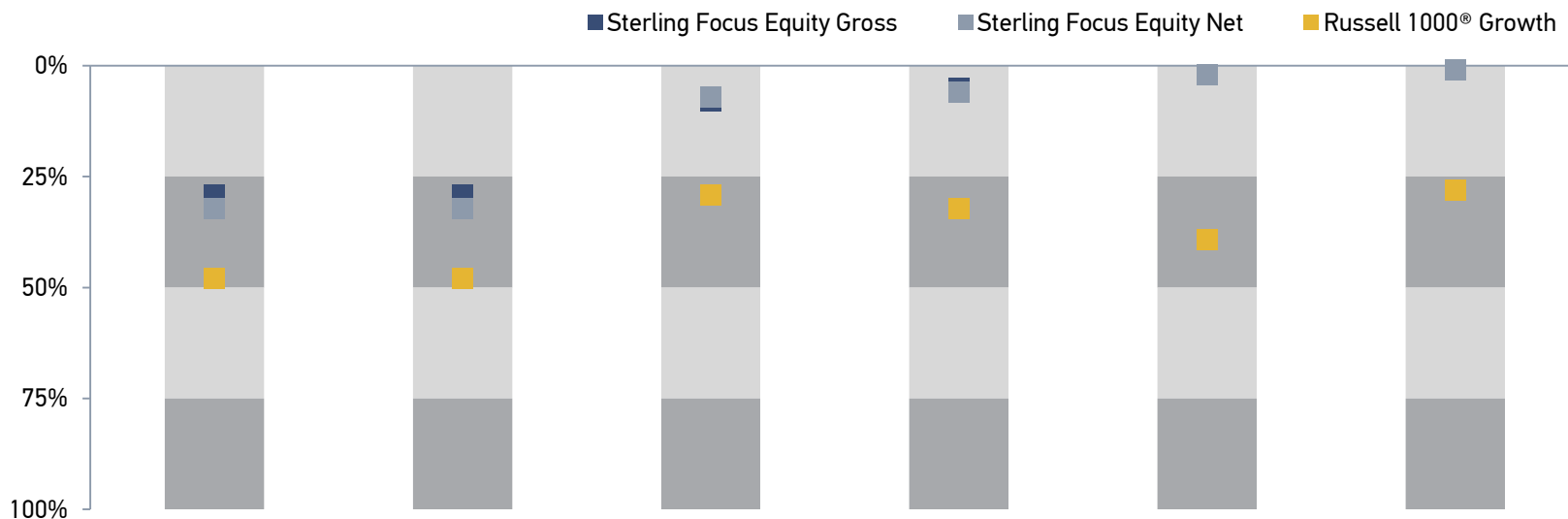
Data as of 03.31.2020. Performance is preliminary and is annualized for periods longer than one year. Net of fees performance returns are presented net of the investment management fees and trading expenses. Gross of fees performance returns reflect the deduction of trading costs; a client's return will 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.





**Sterling Focus Equity**

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



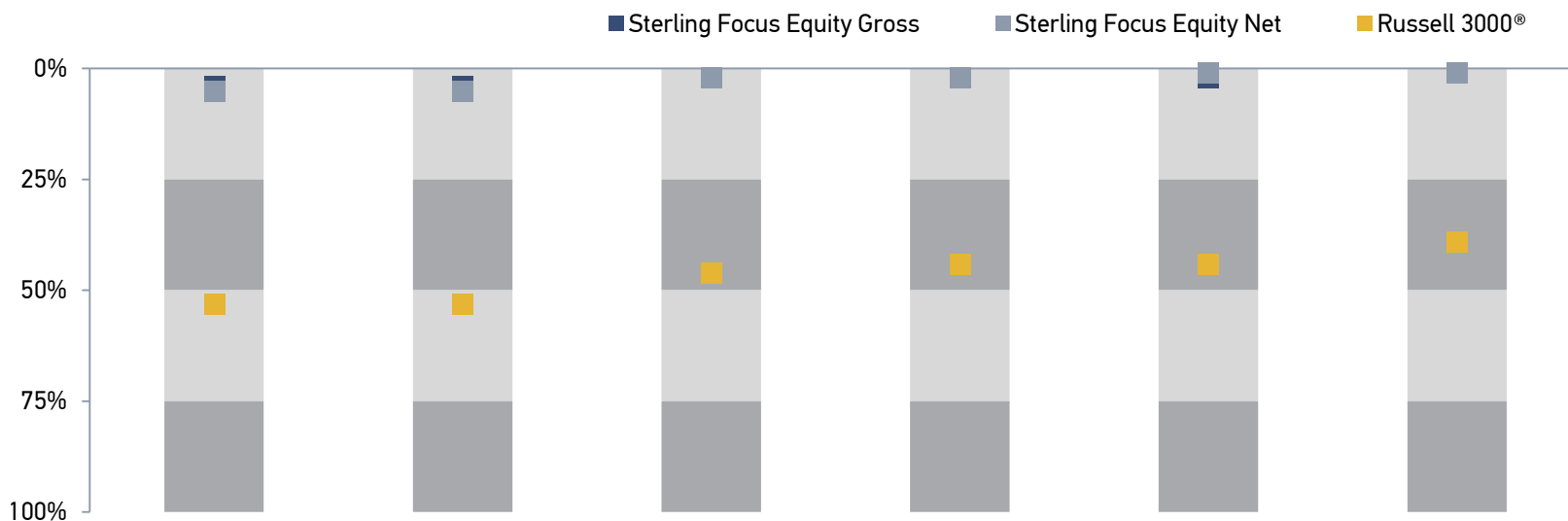
	QTR Return	QTR Rank	YTD Return	YTD Rank	1-Year Return	1-Year Rank	2-Year Return	2-Year Rank	3-Year Return	3-Year Rank	Since Inception Return	Since Inception Rank
Median Gross	-14.30%		-14.30%		-1.15%		5.60%		10.48%		10.45%	
Median Net	-13.83%		-13.83%		-1.14%		5.28%		10.24%		10.03%	
Sterling Focus Equity Gross	-12.79%	29	-12.79%	29	3.61%	8	10.29%	5	17.34%	2	16.39%	1
Sterling Focus Equity Net	-12.83%	32	-12.83%	32	3.42%	7	10.08%	6	17.13%	2	16.19%	1
Russell 1000® Growth	-14.10%	48	-14.10%	48	0.91%	29	6.67%	32	11.32%	39	11.84%	28

Data as of 03.31.2020. 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.



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

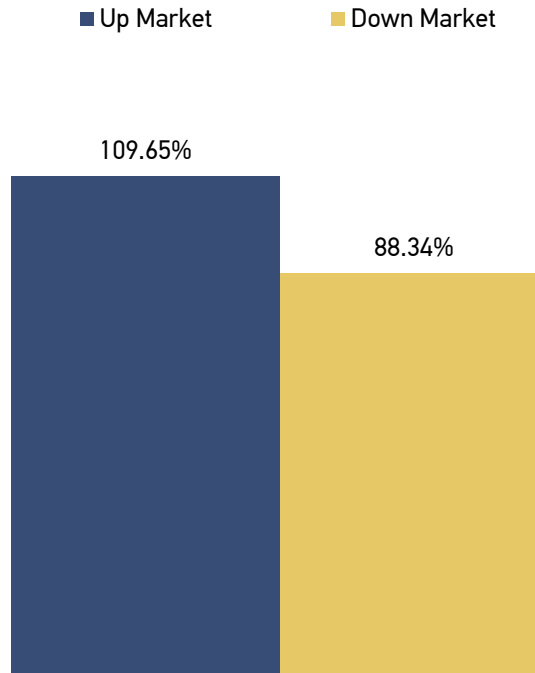


	QTR Return	QTR Rank	YTD Return	YTD Rank	1-Year Return	1-Year Rank	2-Year Return	2-Year Rank	3-Year Return	3-Year Rank	Since Inception Return	Since Inception Rank
Median Gross	-20.60%		-20.60%		-9.74%		-1.32%		3.56%		6.44%	
Median Net	-20.62%		-20.62%		-9.79%		-2.03%		2.57%		5.38%	
Sterling Focus Equity Gross	-12.79%	4	-12.79%	4	3.61%	2	10.29%	2	17.34%	2	16.39%	1
Sterling Focus Equity Net	-12.83%	5	-12.83%	5	3.42%	2	10.08%	2	17.13%	1	16.19%	1
Russell 3000®	-20.90%	53	-20.90%	53	-9.13%	46	-0.58%	44	4.00%	44	7.15%	39

Data as of 03.31.2020. 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 vs. Russell 1000® Growth Index *Gross of Fees, Since Inception (12.31.2015)*

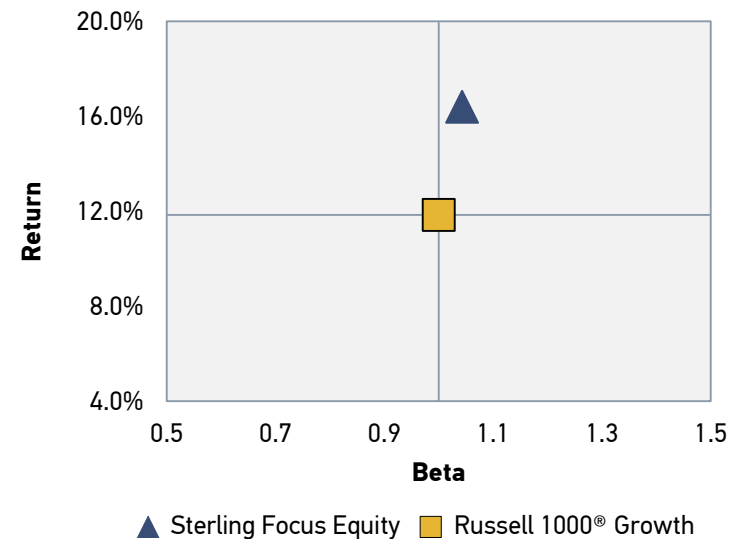


Data as of 03.31.2020. Up Market Capture is a measure of the manager's performance when the benchmark has positive returns for the period relative to the benchmark itself. Down Market Capture is a measure of the manager's performance when the benchmark has negative returns for the period relative to the benchmark itself. Performance is preliminary and annualized for periods longer than one year. 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. Up Market/Down Market Capture Ratio is considered Supplemental Information to the Composite Disclosure Presentation which is located in the APPENDIX. Source: Russell Investments, Morningstar, 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	3.88
Beta	1.04
R Squared	0.83
Tracking Error	6.58
Standard Deviation	16.03
Information Ratio	0.69
Up Market Capture Ratio	109.65%
Down Market Capture Ratio	88.34%



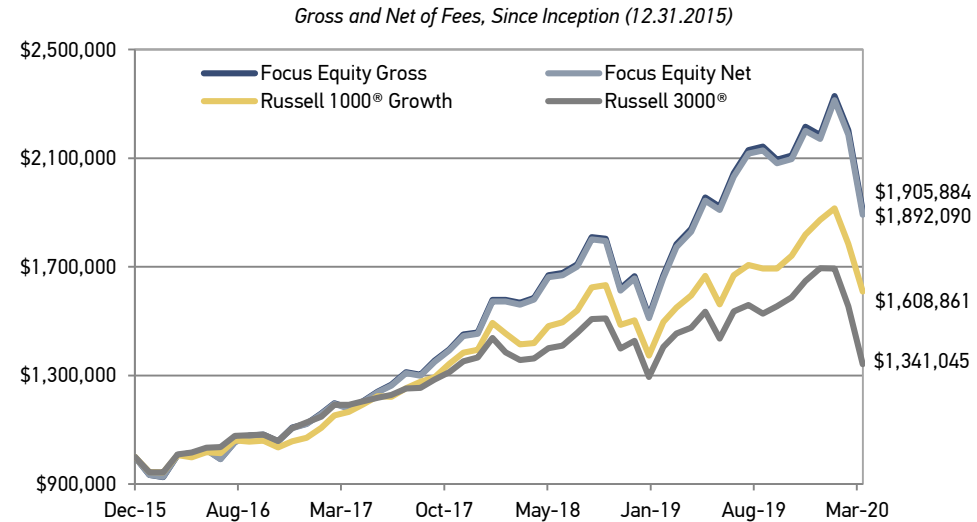
*Data as of 03.31.2020. Performance is preliminary and is annualized for periods longer than one year. Gross of fees performance returns reflect the deduction of trading costs; a client's return will be reduced by the management fees and other expenses it may incur. Investment management fees are described 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 is considered Supplemental Information to the Composite Disclosure Presentation located in the APPENDIX. Source: Russell Investments, Morningstar, Sterling Capital Management Analytics.*

# Summary



- 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



*As of 03.31.2020. 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. 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.*

# Appendix



*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.*

The **Chartered Financial Analyst® (CFA)** charter is a graduate-level investment credential awarded by the CFA Institute — the largest global association of investment professionals. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

The **Certified Public Accountant Licensure (CPA)** is a graduate-level accounting license and is awarded by the American Institute of CPAs (AICPA). To earn the CPA licensure, candidates must: 1) have at least two years of public accounting experience; and 2) pass the examination. Please note, every state has its own education and experience requirements that must be met.

*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 – 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.