



Our investment experts share their perspectives on market events, economic data and developing themes in our monthly review of the global capital markets.

EQUITY HIGHLIGHTS

- U.S. value stocks posted the strongest gains in the equity opportunity set during the month with the Russell Top 200 Value Index returning 6.29%, Russell 2000 Value Index returning 5.23% and the Russell Mid Cap Value Index returning 5.16%. The Russell 2000 Growth Index lagged the remaining constituents of the opportunity set during the month with a return of -3.15% followed by the Russell Mid Cap Growth Index which returned -1.91% and the MSCI EM IMI Index which returned -1.19%.
- Within the opportunity set, U.S. large blend and foreign large blend are the only categories where active managers have outperformed their passive counterparts on a year-to-date basis. Year-to-date, active strategies in the opportunity set have underperformed passive strategies by an average of 1.15%.
- U.S. growth outperformance on a rolling five-year basis relative to value moved lower for the second consecutive month during March, but remains elevated relative to levels seen post the Great Financial Crisis. Growth's outperformance has been driven partially by a prolonged low economic growth environment and significant outperformance from large cap information technology, communication services and consumer discretionary companies. Stretched growth valuations could lead to improvement in value-relative performance.

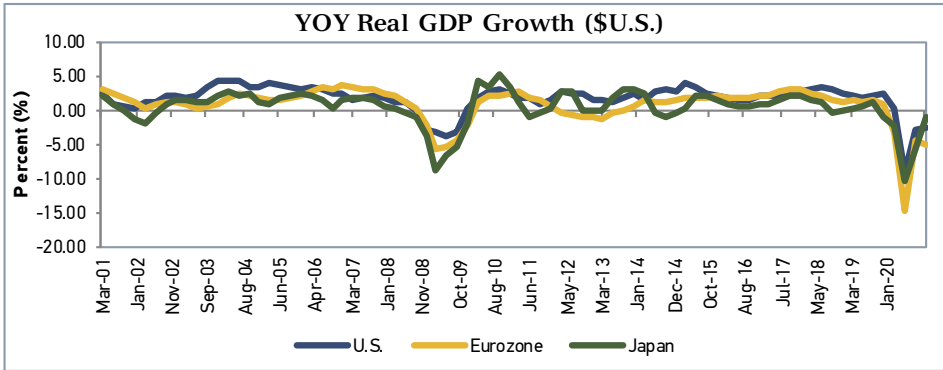
FIXED INCOME HIGHLIGHTS

- Save for ex-U.S. sovereigns and U.S. high yield, returns were negative across the fixed income opportunity set during March. The Bloomberg Barclays Global Treasury Ex-U.S. Index produced the highest returns in the opportunity set for the month, returning 0.29%, followed by the Bloomberg Barclays U.S. Corporate High Yield Index, which returned 0.15%, and the Bloomberg Barclays U.S. TIPS Index, which returned -0.19%. The poorest performers in the opportunity set were the Bloomberg Barclays U.S. Credit Index, which returned -1.59%, the Bloomberg Barclays U.S. Government Index, which returned -1.51%, and the Bloomberg Barclays Aggregate Index and Bloomberg Barclays Emerging Markets USD Aggregate Index, which both returned -1.25%.
- The ten-year government bond yield moved higher in both the U.S. and U.K. during the month of March while the ten-year yield decreased in Italy, Germany and France. The ten-year increased by 28 basis points to 1.74% in the U.S. and the ten-year increased by three basis points to 0.83% in the U.K. Italy saw its ten-year yield decrease by 12 basis points to 0.66% while both Germany and France experienced a four basis point decrease in ten-year yields with Germany's ten-year yielding -0.30% and France's ten-year yielding -0.05% as of month-end.
- Municipal/Treasury ratios moved lower across the opportunity set during the month of March. The two-year ratio experienced the sharpest decrease, having fallen from 126.67 to 87.50 month-over-month. As of month-end, all constituents of the municipal/Treasury ratio opportunity set are below their five-year averages.

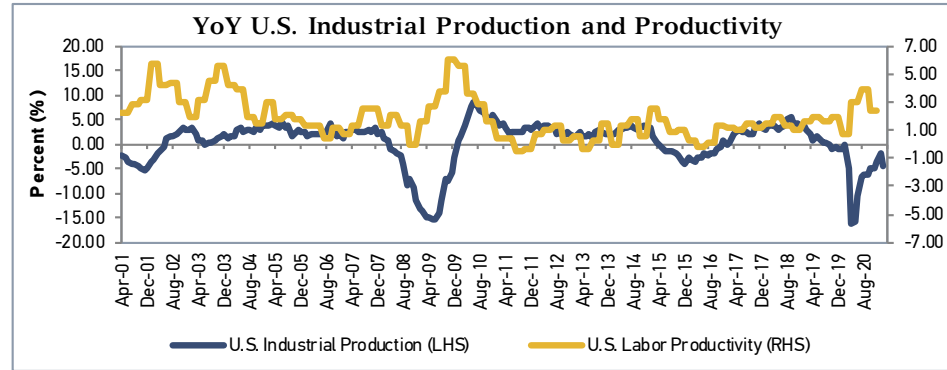
Stock Indexes	YTD	Bond Indexes	YTD	Other Indexes	YTD	U.S. Treasury Yields	Rates/Commodities		
MSCI ACWI IMI	5.14%	Barclays US Aggregate	-3.37%	US Fund Multialternative	2.19%	6-month	0.05%	Prime Rate	3.25%
Russell 3000	6.35%	Barclays Gbl TreasxUS Hdg	-2.08%	DJ Equity All REIT	8.27%	1-year	0.07%	LIBOR (3 Mo)	0.19%
S&P 500	6.17%	Barclays US TIPS	-1.47%	Bloomberg Commodity	6.92%	3-year	0.35%	Oil Price (\$/barrel)	\$59.16
MSCI EAFE	3.48%	Barclays US High Yield	0.85%			5-year	0.92%	Gold (\$/t oz)	\$1,715.60
MSCI EM	2.29%	Barclays EM Aggregate	-3.48%			10-year	1.74%		
						30-year	2.41%		

As of 03.31.2021; Source: Morningstar, FactSet, Russell Investments, Barclays, U.S. Department of Treasury

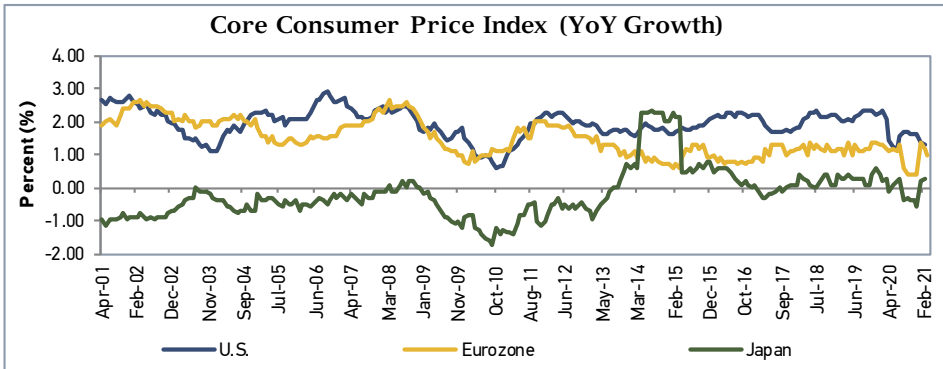
Asset allocation and diversification do not assure a profit or protect against loss in declining financial markets.



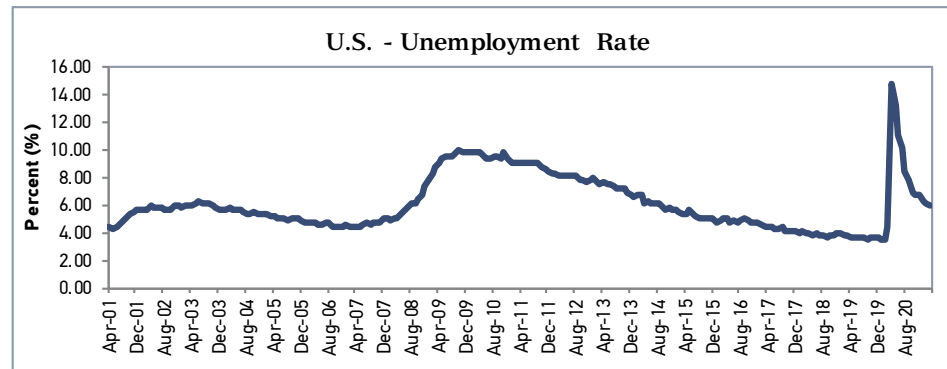
As of 12.31.2020; Source: FactSet



Industrial Production as of 02.29.2021, Labor Productivity as of 12.31.2020; Source: FactSet



U.S. and Japan as of 02.29.2021, Eurozone as of 03.31.2021; Source: FactSet; The sudden increase in Japan CPI growth in 2014 coincide dwith an incre ase in national sales tax that impacted final price levels.



As of 03.31.2021; Source: FactSet

- Strong monthly job growth brought the unemployment rate down to 6% in March.
- After a sharp rebound in the third quarter, the U.S. growth recovery continued at a slower pace in the fourth quarter and remains negative on a year-over-year basis. GDP growth in Europe took a step back in the fourth quarter, while Japan continued to recover strongly.
- Core inflation in the US. and Europe has fallen back in recent months after recovering from the COVID-19 shock. Inflation in Japan has continued to recover further into positive territory.
- U.S. industrial production data has been volatile in recent months. Following several consecutive months of improvement, year-over-year industrial production growth declined in February and is lower than GDP growth on a year-over-year basis.

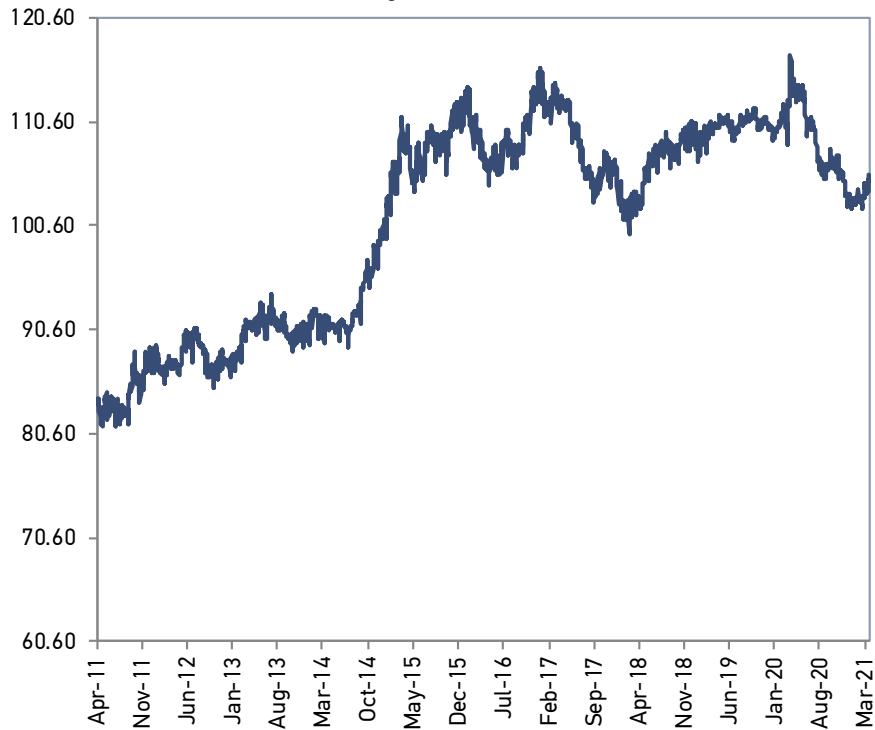
Note: Please see Appendix for important definitions.



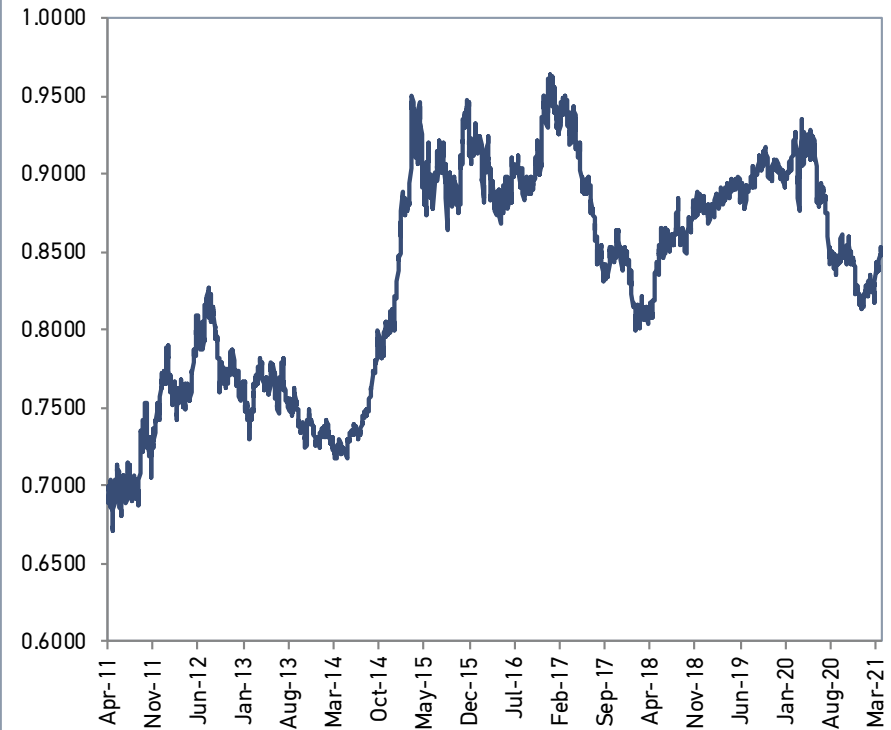
Leading	Initial Jobless Claims	<ul style="list-style-type: none">In the week ending March 26, the four-week moving average of Initial Jobless Claims was 719,000 a decrease of 10,500 from the previous week's revised average.
	Manufacturing	<ul style="list-style-type: none">ISM Manufacturing registered 64.7% in March, a 3.9 percentage point increase over the previous reading. A reading below 50.0% indicates contraction.ISM Manufacturing New Orders registered 68% in March, a 3.2 percentage point increase over the previous reading.ISM Non-Manufacturing registered 63.7% in March, a 8.4 percentage point increase over the previous reading.
	Housing/Construction	<ul style="list-style-type: none">Building permits fell 8.8% in February and have risen 19.6% over the past year.
Coincident	Consumer Confidence	<ul style="list-style-type: none">The Consumer Confidence Index rose in March to 109.7, compared to 90.4 in the previous month.
	Nonfarm Payrolls	<ul style="list-style-type: none">Total Nonfarm Payroll employment rose by 916,000 in March while the unemployment rate fell to 6.0%.
	Industrial Production	<ul style="list-style-type: none">Industrial Production fell 2.24% in February and is down 4.25% over the past year.
	Personal Income	<ul style="list-style-type: none">Real Disposable Personal Income fell 8.19% in February and is up 3.42% over the past year.
Lagging	Ratio of Consumer Installment Credit to Personal Income	<ul style="list-style-type: none">This ratio rose 0.5% in February and is down 11.1% year-over-year. Consumer borrowing tends to lag improvements in personal income by many months because people remain hesitant to take on new debt until they are sure that their improved income level is sustainable.
	Inflation	<ul style="list-style-type: none">CPI (All Items) rose 0.4% in February and is up 1.7% over the trailing one year period.CPI (Core) rose 0.1% in February and is up 1.3% over the trailing one year period.



Nominal Trade-Weighted U.S. Dollar Major Currencies



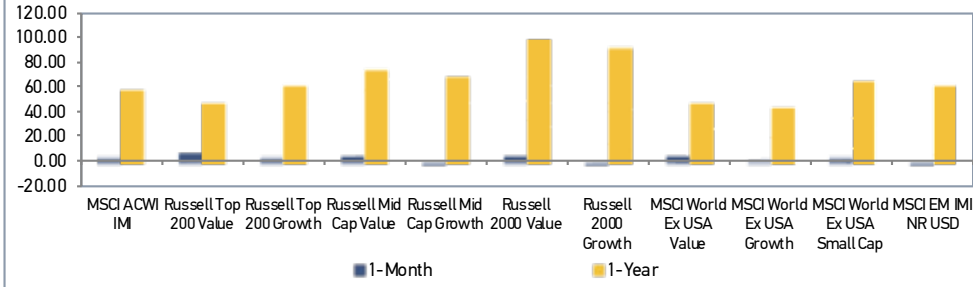
Euro per U.S. Dollar



- The Trade-Weighted U.S. Dollar Index (Major Currencies) rose 3.1% in March and the index rose 2.8% year-to-date. The dollar rose 3.3% versus the Euro in March.



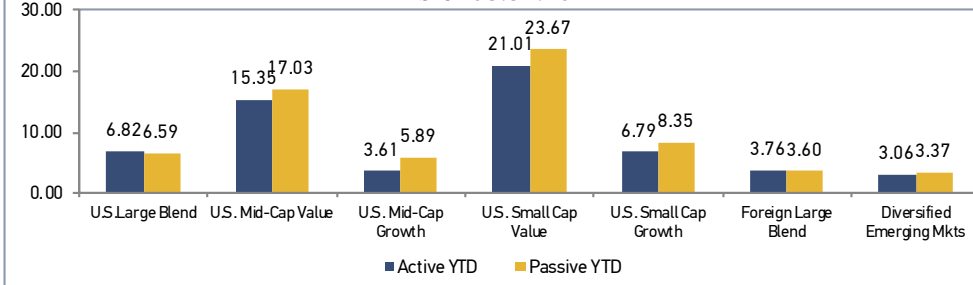
**Equity Market Performance
As of 03.31.2021**



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Source: Morningstar, Russell Investments

**Active vs. Passive
As of 03.31.2021**

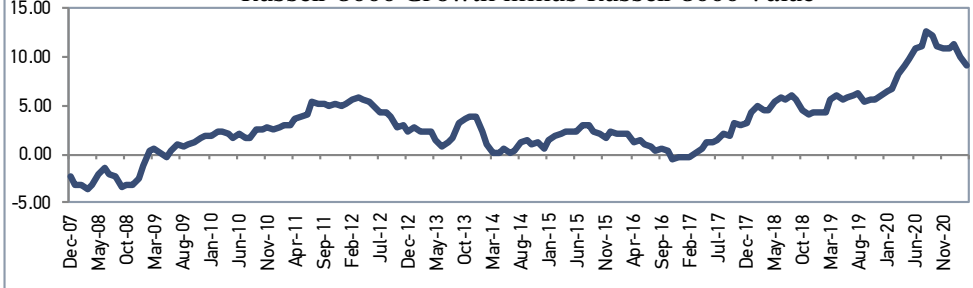


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Source: Morningstar, Russell Investments

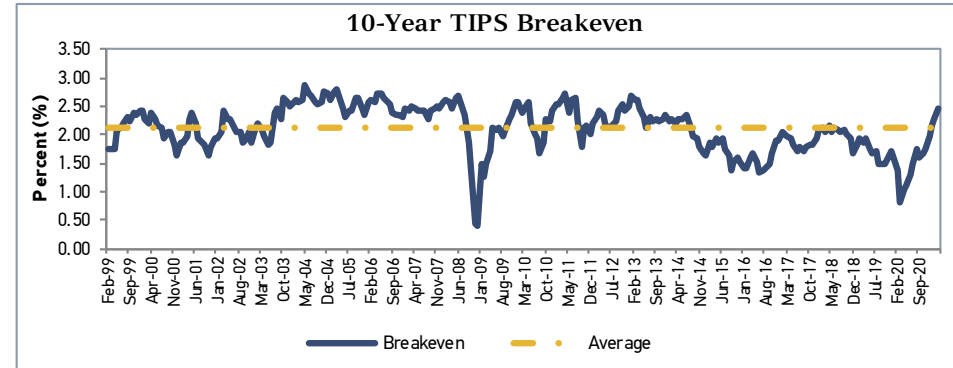
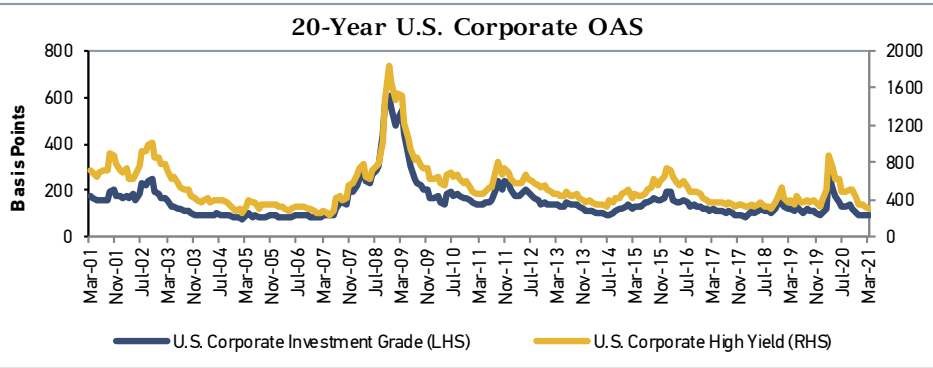
Median return of Morningstar open-end fund category (institutional share class). Russell return of U.S. categories.

**Rolling 5-Year Return Differential
Russell 3000 Growth minus Russell 3000 Value**



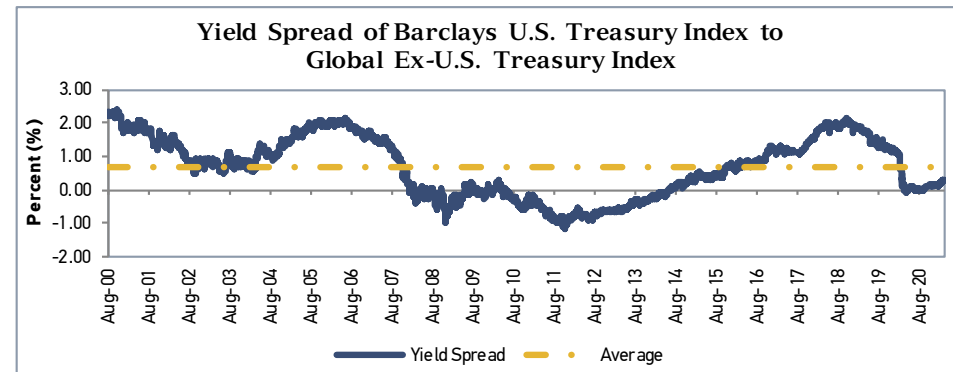
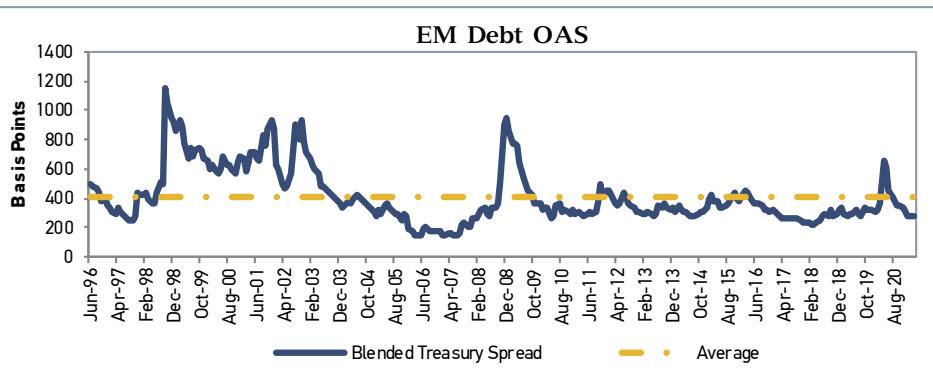
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As of 03.31.2021; Source: Morningstar



As of 03.31.2021; Source: FactSet

As of 03.31.2021; Source: Federal Reserve Board of Governors

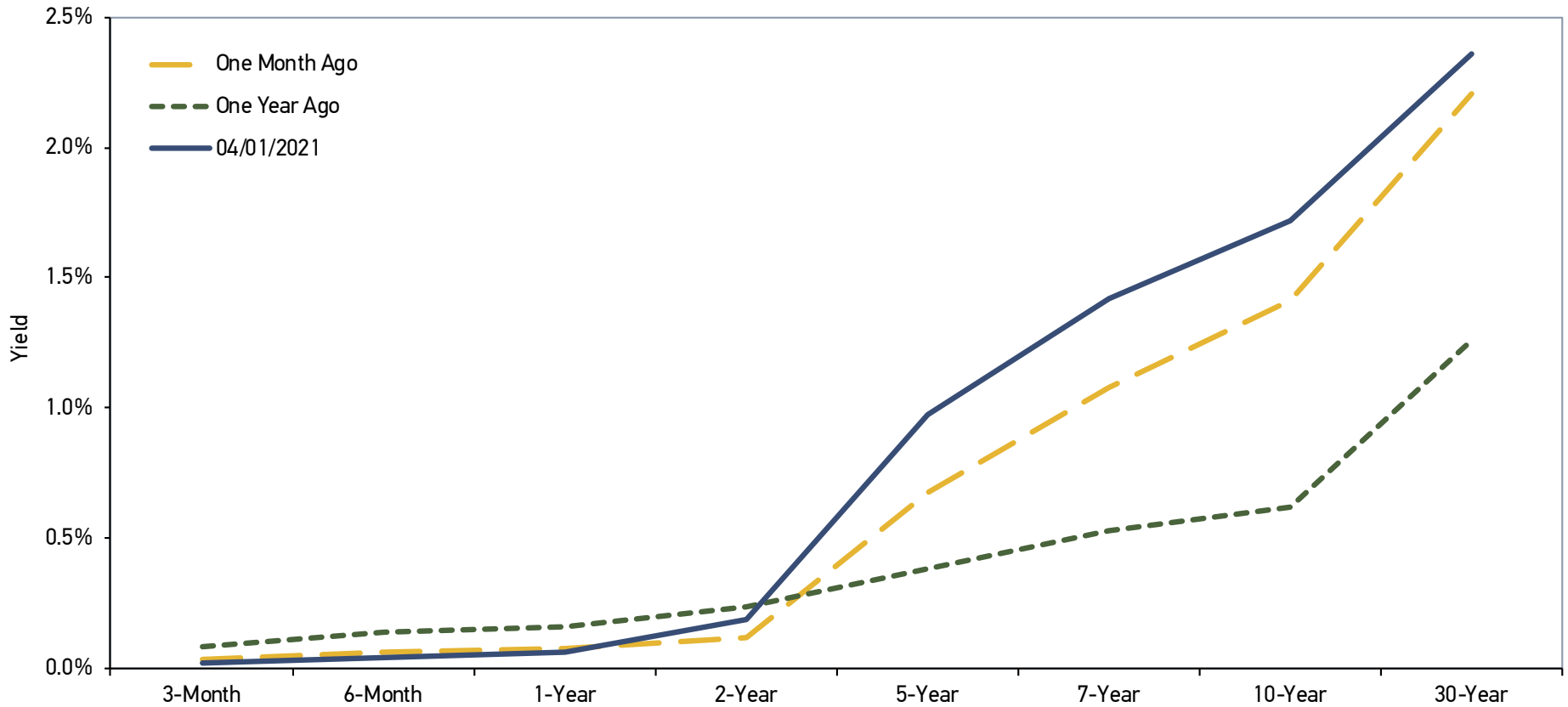


As of 03.31.2021; Source: Barclays

As of 03.31.2021; Source: Barclays

- Investment grade and high yield credit spreads were little changed in March and remain below historical averages.
- Market inflation expectations as measured by TIPS breakeven rates moved significantly higher in March and are well above the historical average.
- Emerging market debt spreads moved mildly higher in March but remain tight relative to the historical average. The yield spread of U.S. to global Treasuries increased last month but remains below the historical average.

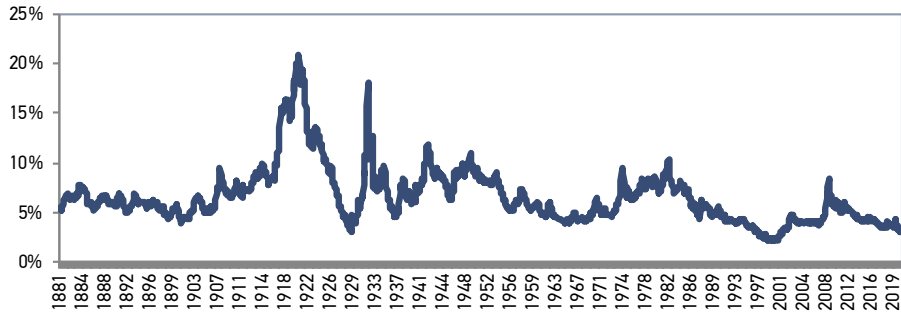
Note: Please see Appendix for important definitions.



- As of 04.01.2021, yields moved lower across the short end of the curve and higher across the belly and long end of the curve. The belly and long end of the curve exhibited the sharpest month-over-month increases with the five-, seven-, ten- and thirty-year yields all increasing by at least 15 basis points month-over-month.

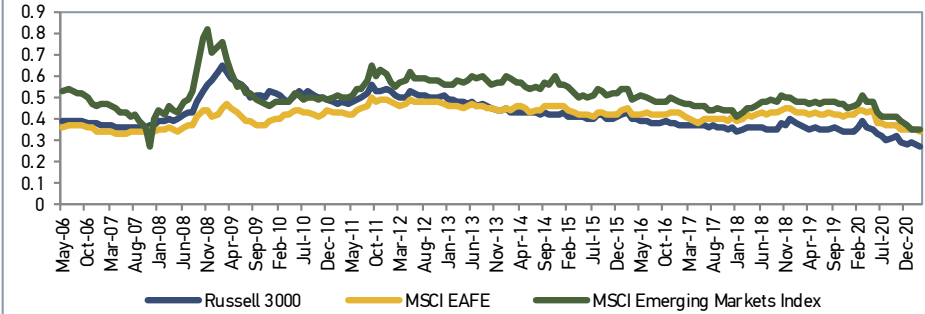


U.S. Cyclically Adjusted Earnings Yield



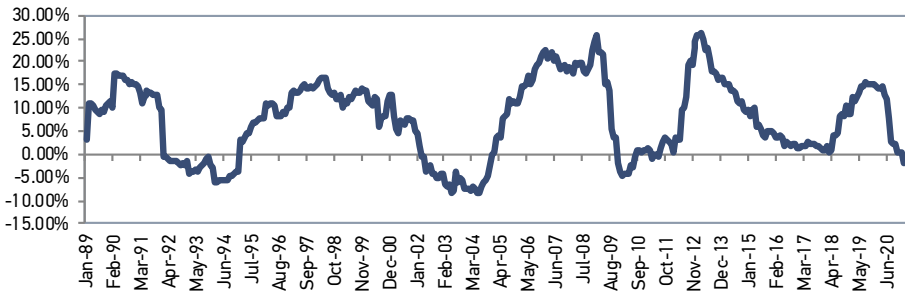
As of 03.31.2021; Source: Bloomberg, Online Data Robert Shiller "US Stock Markets 1871-Present and CAPE Ratio"

Revenue to Firm Value



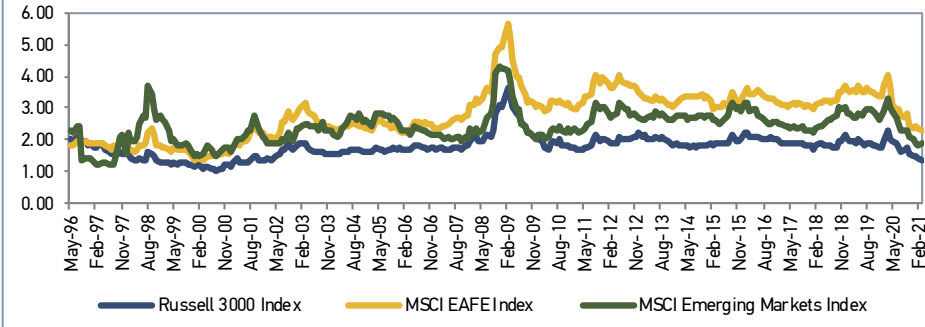
As of 03.31.2021; Source: Russell, MSCI

**U.S. 3-Year Real Revenue Growth –
Russell 3000 Non-Financials**



As of 03.31.2021; Source: FactSet, Russell, Bureau of Labor Statistics, Sterling Capital Analytics

Dividend Yield



As of 03.31.2021; Source: Russell, MSCI

- The U.S. cyclically adjusted earnings yield declined last month further below its long-run historical average.
- Long-term real U.S. sales growth has dropped significantly in recent months and moved below zero in February, largely reflecting the impact of COVID-19. March sales growth improved mildly from February and growth is likely to continue to improve in coming months.
- Revenue-to-firm value ratios and dividend yields moved mildly lower last month in developed markets while increasing in emerging markets. International developed and emerging market dividend yields provide a significant income advantage over U.S. yields.

Note: Please see Appendix for important definitions.

Appendix



Core Consumer Price Index: a measure of the aggregate price level in an economy, excluding certain volatile items.

Option Adjusted Spread (OAS): A bond's yield spread over comparable maturity government bonds, adjusted for any embedded options.

Real GDP: Real gross domestic product (GDP) is an inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year, expressed in base-year prices.

Revenue to Firm Value: Total Index Revenues of the past 12 months divided by the sum of equity market value and the value of total debt. This is a measure of total sales generated on the total value (debt plus equity) of firms in the index.

TIPS Breakeven: The inflation rate implied by the spread in yield between U.S. TIPS (Treasury Inflation Protected Securities) and nominal U.S. Government Bonds of equal maturity.

U.S. 3-Year Real Revenue Growth, Russell 3000 Non-Financials: For the Russell 3000 excluding financial firms, the percentage change in trailing 12-month inflation adjusted revenue over 12-month inflation adjusted revenue three years prior.

U.S. Cyclically Adjusted Earnings Yield: The 10-year average of annual, inflation adjusted earnings divided by the current inflation adjusted price of the S&P 500 index. This measure is the inverse of the Shiller CAPERatio.

YOY US Productivity Growth: The year-over-year growth in real U.S. output produced per hour worked for non-farm workers.



The volatility of an index varies greatly; all indices are unmanaged and investments cannot be made directly in an index. Indices are shown for illustrative purposes only and do not represent the performance of any specific investment. The indices selected by Sterling Capital Management to measure performance are representative of broad asset classes. Sterling Capital Management retains the right to change representative indices at any time.

The Bloomberg Barclays Emerging Markets Hard Currency Aggregate Index is a flagship hard currency Emerging Markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

The Bloomberg Barclays Global Treasury Ex US Hedged Index is comprised of securities issued by developed ex. US and emerging market governments. The index is hedged against constituent currencies versus the US dollar.

The Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index composed of securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. It is not possible to invest in the Bloomberg Barclays U.S. Aggregate Bond Index, which is unmanaged and does not incur fees and charges.

The Bloomberg Barclays U.S. Corporate High Yield Index measures the US corporate market of non-investment grade, fixed-rate corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below.

The Bloomberg Barclays US Credit Index measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities.

The Bloomberg Barclays US Government Index is comprised of securities issued by the US government and its agencies with at least one year until final maturity.

The Bloomberg Barclays U.S. MBS Index covers the mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). It is formed by grouping the universe of individual fixed rate MBS pools into generic aggregates.

The Bloomberg Barclays US Treasury Inflation-Linked Bond Index (Series-L) measures the performance of the US Treasury Inflation Protected Securities (TIPS) market. Federal Reserve holdings of US TIPS are not index eligible and are excluded from the face amount outstanding of each bond in the index.

The Bloomberg Commodity Index and related sub-indices are composed of futures contracts on physical commodities and represents 22 separate commodities traded on US exchanges, with the exception of aluminum, nickel and zinc.

The Dow Jones Equity All REIT Index is designed to measure all publicly traded real estate investment trusts in the Dow Jones U.S. stock universe classified as equity REITs according to the S&P Dow Jones Indices REIT Industry Classification Hierarchy. These companies are REITs that primarily own and operate income-producing real estate.

The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US and Canada.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

The MSCI Emerging Markets Growth Index captures large and mid cap securities exhibiting overall growth style characteristics across 26 Emerging Markets (EM) countries. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.

The MSCI Emerging Markets Value Index captures large and mid cap securities exhibiting overall value style characteristics across 26 Emerging Markets (EM) countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.

The MSCI ACWI ex USA Growth Index captures large and mid cap securities exhibiting overall growth style characteristics across 22 Developed Markets (DM) countries and 26 Emerging Markets (EM) countries.

The MSCI World ex USA Small Cap Index captures small cap representation across 22 of 23 Developed Markets (DM) countries (excluding the United States). With 2,529 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country.

The MSCI World ex USA Value Index captures large and mid cap securities exhibiting overall value style characteristics across 22 of 23 Developed Markets countries.

The 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.

The 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.

The Russell 3000® Index measures the performance of the 3,000 largest US companies based on total market capitalization.

The Russell Midcap® Growth Index measures the performance of growth styles of investing in Mid Cap U.S. stocks. The Growth Index contains those Russell Mid Cap securities with greater-than-average growth orientation.

The Russell Midcap® Value Index measures the performance of value style of investing in Mid Cap U.S. stocks. The Value Index contains those Russell Mid Cap 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.

The Russell Top 200® Growth Index offers measures the performance of the especially large cap segment of the US equity universe represented by stocks in the largest 200 by market cap. It includes Russell Top 200® Index companies with higher growth earning potential as defined by Russell's leading style methodology.

The Russell Top 200 Index is an index of the largest 200 companies in the Russell 3000 index. It is commonly used as a benchmark index for U.S.-based ultra large-cap (mega-cap) stocks with the average member commanding a market capitalization of upwards of \$200 billion.

The S&P 500 is an unmanaged capitalization-weighted index of 500 U.S. stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The Trade-Weighted US Dollar Index, also known as the broad index, is a measure of the value of the United States dollar relative to other world currencies. It is a trade weighted index that improves on the older US Dollar Index by using more currencies and the updating the weights yearly.



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