



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

- Equity markets looked past surging COVID-19 cases in December and rose on the passage of additional stimulus in the U.S. and the rollout of COVID-19 vaccines. All constituents in the equity opportunity set produced positive returns during December with the Russell 2000 Growth Index, Russell 2000 Value Index and MSCI EM IMI Index leading the way. The Russell 2000 Growth Index returned 9.35% over the month followed by a return of 7.92% for the Russell 2000 Value Index and a 7.39% return for the MSCI EM IMI Index. The Russell Top 200 Value Index, MSCI World Ex USA Value Index and the Russell Top 200 Growth Index lagged the rest of the opportunity set with returns of 3.42%, 4.29% and 4.56%.
- Active managers within the active/passive opportunity set finished the year on a strong note with all active categories, save for U.S. large blend, outperforming passive categories. Active categories within the opportunity set outperformed their passive peers by an average of 4.38% in 2020.
- U.S. growth outperformance on a rolling five-year basis relative to value was stable month-over-month in December, 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.

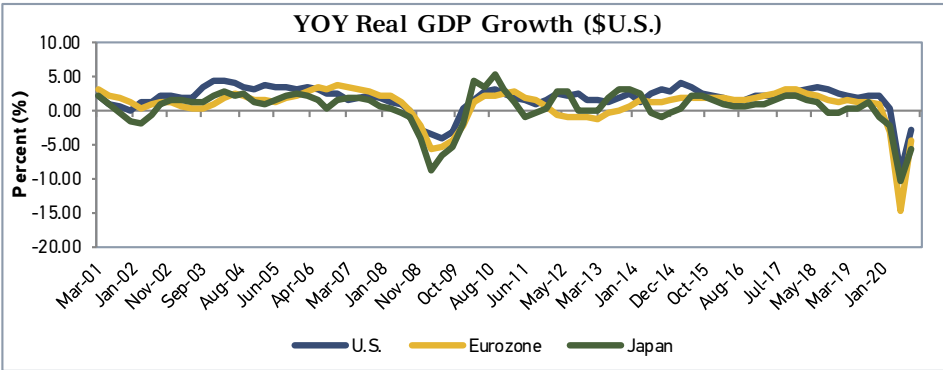
FIXED INCOME HIGHLIGHTS

- Save for the Bloomberg Barclays U.S. Gov. Index, all constituents of the fixed income opportunity set produced positive returns in December. The Bloomberg Barclays U.S. High Yield Index, Bloomberg Barclays Emerging Markets Aggregate Index and Bloomberg Barclays U.S. TIPS Index were the top performers in the opportunity set with returns of 1.88%, 1.52% and 1.15% during the month of December. The worst performers in the opportunity set were the Bloomberg Barclays U.S. Gov. Index, Bloomberg Barclays U.S. Aggregate Index and the Bloomberg Barclays U.S. MBS Index, which returned -0.22%, 0.14% and 0.22% during December.
- During December, the 10-year government bond yield moved higher in the U.S. while the 10-year yield remained flat in Germany and moved lower across the U.K., Italy and France. Over the month, the 10-year yield in the U.S. increased by 8 basis points to 0.92% while the 10-year yield moved lower by 9 basis points in the U.K., 6 basis points in Italy and 1 basis point in France. As of month end, the 10-year yield in the U.K. was 0.20%, 0.54% in Italy, -0.34% in France and -0.58% in Germany.
- Municipal/Treasury ratios moved higher across the front end of the opportunity set and lower across the long end of the opportunity set during the month of December. The two-year maturity saw the most significant increase as the municipal/treasury ratio moved from 102.04 in November to 115.70 in December. The 10-year maturity saw the most pronounced decrease in the opportunity set as the ratio moved from 85.31 to 77.17 month-over-month in December. The two and three-year municipal/Treasury ratios remain above their long term averages while the five, seven and 10-year ratios remain below their long term averages.

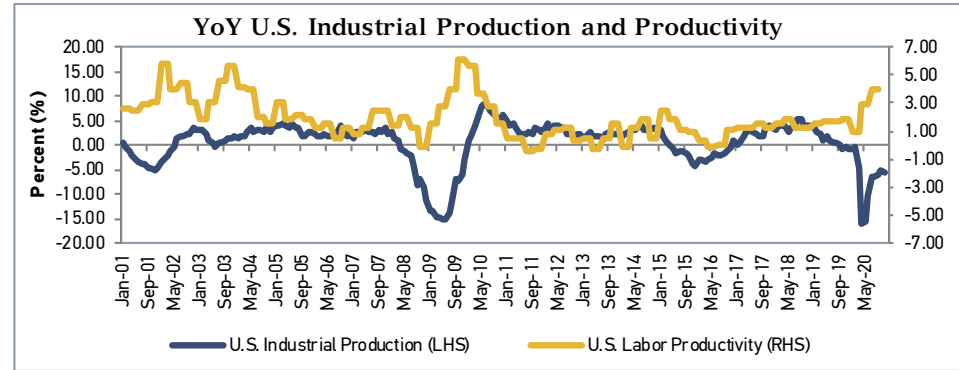
Stock Indexes	YTD	Bond Indexes	YTD	Other Indexes	YTD	U.S. Treasury Yields	Rates/Commodities		
MSCI ACWI IMI	16.25%	Barclays US Aggregate	7.51%	US Fund Multialternative	2.92%	6-month	0.09%	Prime Rate	3.25%
Russell 3000	20.89%	Barclays Gbl TreasxUS Hdg	3.71%	DJ Equity All REIT	-4.79%	1-year	0.10%	LIBOR (3 Mo)	0.24%
S&P 500	18.40%	Barclays US TIPS	10.99%	Bloomberg Commodity	-3.12%	3-year	0.17%	Oil Price (\$/barrel)	\$48.52
MSCI EAFE	7.82%	Barclays US High Yield	7.11%			5-year	0.36%	Gold (\$/t oz)	\$1,895.10
MSCI EM	18.31%	Barclays EM Aggregate	6.52%			10-year	0.93%		
						30-year	1.65%		

As of 12.31.2020; Source: Morningstar, FactSet, Russell Investments, Barclays, U.S. Department of Treasury

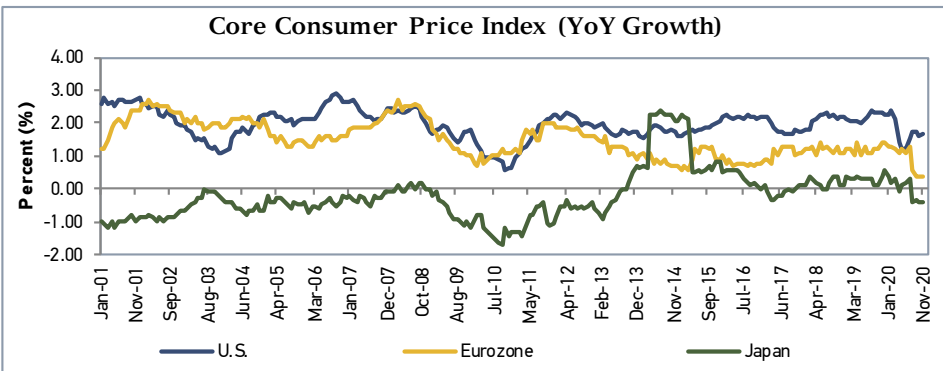
Asset allocation and diversification do not assure a profit or protect against loss in declining financial markets.



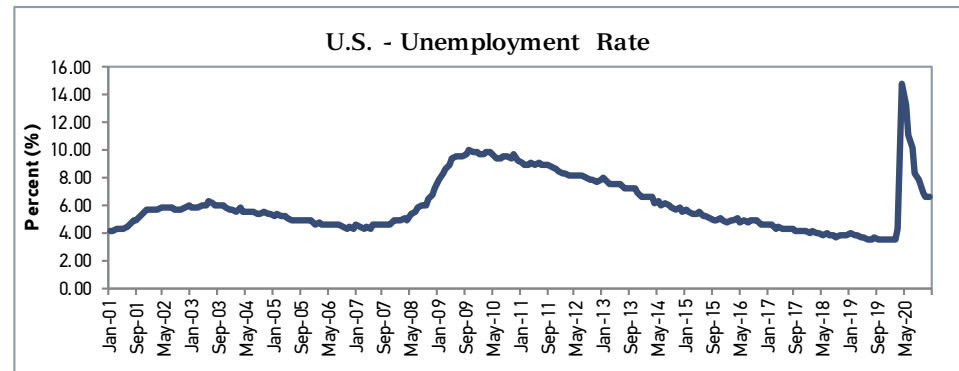
As of 09.30.2020; Source: FactSet



Industrial Production as of 11.30.2020, Labor Productivity as of 09.30.2020; Source: FactSet



As of 11.30.2020; Source: FactSet; The sudden increase in Japan CPI growth in 2014 coincided with an increase in national sales tax that impacted final price levels.



As of 12.31.2020; Source: FactSet

- Economic data continues to reflect the recovery from the huge negative impacts of COVID-19, but momentum in some indicators has slowed.
- After a strong recovery, employment growth has stalled in recent months. The unemployment rate held steady at 6.7% in December.
- GDP growth bounced back strongly in the third quarter but remains negative on a year-over-year basis. U.S. growth has exceeded Europe.
- After softening in October, monthly US core inflation bounced back in November. On a year-over-year basis, U.S. inflation has recovered to fairly normal levels, while European inflation has stabilized at low levels. Inflation in Japan has fallen below zero for the past four months.
- U.S. Industrial Production growth has recovered in recent months but is trailing overall economic growth on a year-over-year basis.

Note: Please see Appendix for important definitions.

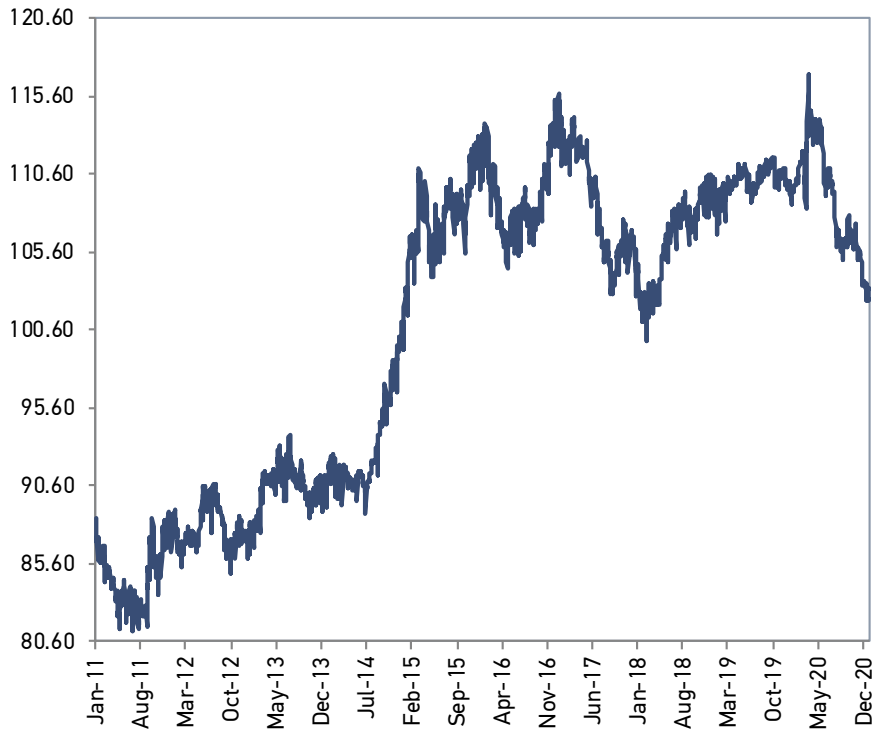


Leading	Initial Jobless Claims	<ul style="list-style-type: none">In the week ending December 31, the four-week moving average of Initial Jobless Claims was 823,500 a decrease of 18,000 from the previous week's revised average.
	Manufacturing	<ul style="list-style-type: none">ISM Manufacturing registered 60.7% in December a 3.2 percentage point increase over the previous reading. A reading below 50.0% indicates contraction.ISM Manufacturing New Orders registered 67.9% in December a 2.8 percentage point increase over the previous reading.ISM Non-Manufacturing registered 57.2% in December a 1.3 percentage point increase over the previous reading.
	Housing/Construction	<ul style="list-style-type: none">Building permits rose 5.9% in November and have risen 8.3% over the past year.
Coincident	Consumer Confidence	<ul style="list-style-type: none">The Consumer Confidence Index fell in December to 88.6 compared to 92.9 in the previous month.
	Nonfarm Payrolls	<ul style="list-style-type: none">Total Nonfarm Payroll employment fell 140,000 in December while the unemployment rate was unchanged at 6.7%.
	Industrial Production	<ul style="list-style-type: none">Industrial Production rose 0.4% in November and is down 5.5% over the past year.
	Personal Income	<ul style="list-style-type: none">Real Disposable Personal Income fell 1.3% in November and is up 3.1% over the past year.
Lagging	Ratio of Consumer Installment Credit to Personal Income	<ul style="list-style-type: none">This ratio remained flat in November and is down 4.6% 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 0.2% in November and is up 1.2% over the trailing one year period.CPI (Core) rose 0.2% in November and is up 1.7% over the trailing one year period.

Source: FactSet



Nominal Trade-Weighted U.S. Dollar Major Currencies



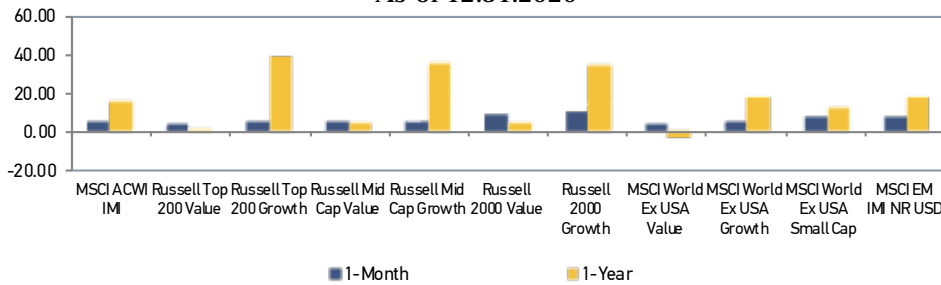
Euro per U.S. Dollar



- The Trade-Weighted U.S. Dollar Index (Major Currencies) fell 2.1% in December and the index fell 5.5% year-to-date. The dollar fell 2.2% versus the Euro in December.



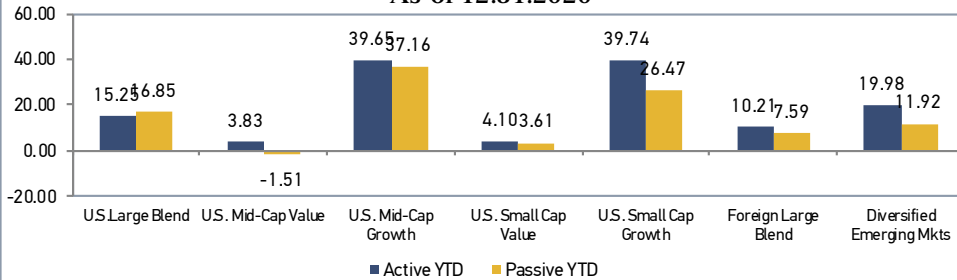
Equity Market Performance
As of 12.31.2020



- Equity markets looked past surging COVID-19 cases in December and rose on the passage of additional stimulus in the U.S. and the rollout of COVID-19 vaccines. All constituents in the equity opportunity set produced positive returns during December with the Russell 2000 Growth Index, Russell 2000 Value Index and MSCI EM IMI Index leading the way. The Russell 2000 Growth Index returned 9.35% over the month followed by a return of 7.92% for the Russell 2000 Value Index and a 7.39% return for the MSCI EM IMI Index. The Russell Top 200 Value Index, MSCI World Ex USA Value Index and the Russell Top 200 Growth Index lagged the rest of the opportunity set with returns of 3.42%, 4.29% and 4.56%.

Source: Morningstar, Russell Investments

Active vs. Passive
As of 12.31.2020



- Active managers within the active/passive opportunity set finished the year on a strong note with all active categories, save for U.S. large blend, outperforming passive categories. Active categories within the opportunity set outperformed their passive peers by an average of 4.38% in 2020.

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

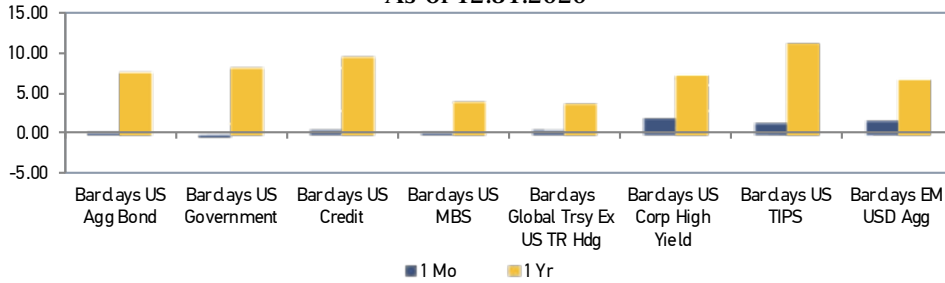


- U.S. growth outperformance on a rolling five-year basis relative to value was stable month-over-month in December, but remains elevated relative to levels seen post the Great Financial Crisis. Growth's outperformance has been driven partially by a prolonged low economic growth environment and significant outperformance from large cap information technology, communication services and consumer discretionary companies. Stretched growth valuations could lead to improvement in value relative performance.

As of 12.31.2020; Source: Morningstar

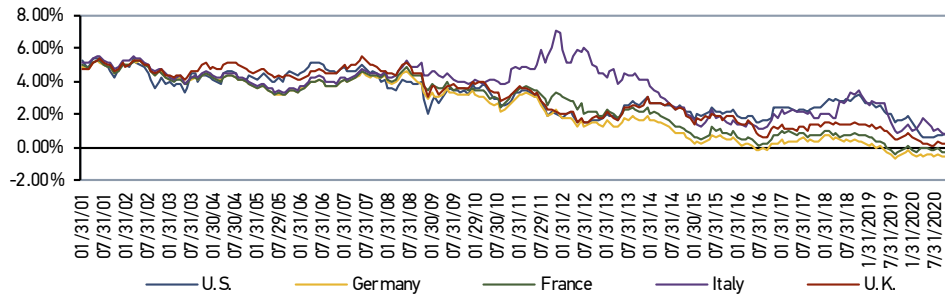


Bond Market Performance
As of 12.31.2020



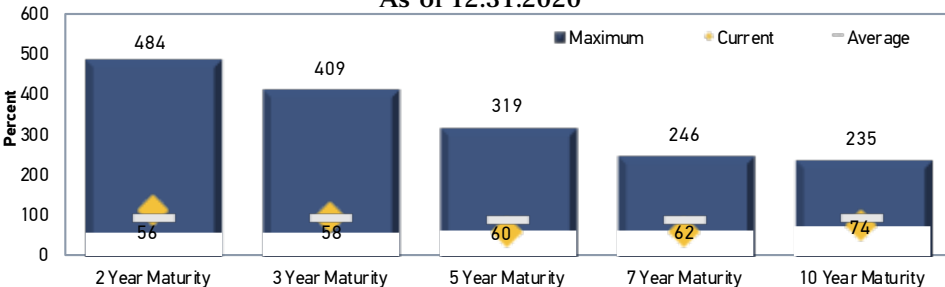
Source: Morningstar, Barclays

10-Year Government Bond Yields



As of 12.31.2020; Source: FactSet, U.S. Department of Treasury

Municipal/Treasury Yield Ratios Over The Last 5 Years
As of 12.31.2020



Source: Thompson Reuters; Sterling Capital Management Analytics.

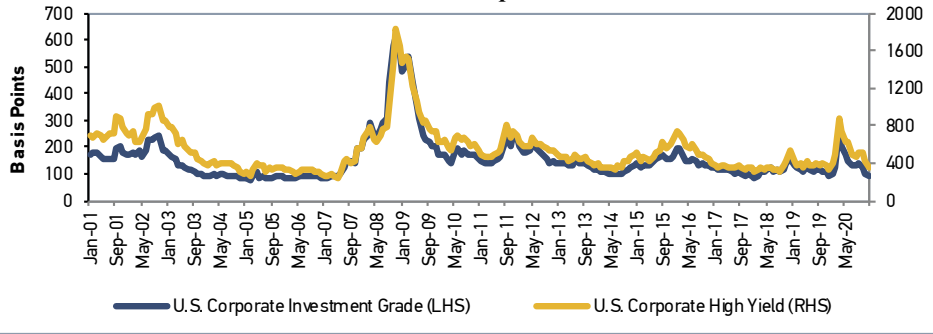
- Save for the Bloomberg Barclays U.S. Gov. Index, all constituents of the fixed income opportunity set produced positive returns in December. The Bloomberg Barclays U.S. High Yield Index, Bloomberg Barclays Emerging Markets Aggregate Index and Bloomberg Barclays U.S. TIPS Index were the top performers in the opportunity set with returns of 1.88%, 1.52% and 1.15% during the month of December. The worst performers in the opportunity set were the Bloomberg Barclays U.S. Gov. Index, Bloomberg Barclays U.S. Aggregate Index and the Bloomberg Barclays U.S. MBS Index, which returned -0.22%, 0.14% and 0.22% during December.

- During December, the 10-year government bond yield moved higher in the U.S. while the 10-year yield remained flat in Germany and moved lower across the U.K., Italy and France. Over the month, the 10-year yield in the U.S. increased by 8 basis points to 0.92% while the 10-year yield moved lower by 9 basis points in the U.K., 6 basis points in Italy and 1 basis point in France. As of month end, the 10-year yield in the U.K. was 0.20%, 0.54% in Italy, -0.34% in France and -0.58% in Germany.

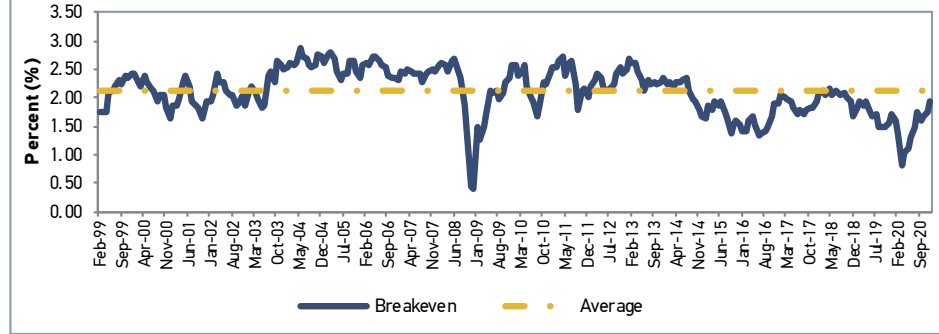
- Municipal/Treasury ratios moved higher across the front end of the opportunity set and lower across the long end of the opportunity set during the month of December. The two-year maturity saw the most significant increase as the municipal/treasury ratio moved from 102.04 in November to 115.70 in December. The 10-year maturity saw the most pronounced decrease in the opportunity set as the ratio moved from 85.31 to 77.17 month-over-month in December. The two and three-year municipal/Treasury ratios remain above their long term averages while the five, seven and 10-year ratios remain below their long term averages.



20-Year U.S. Corporate OAS



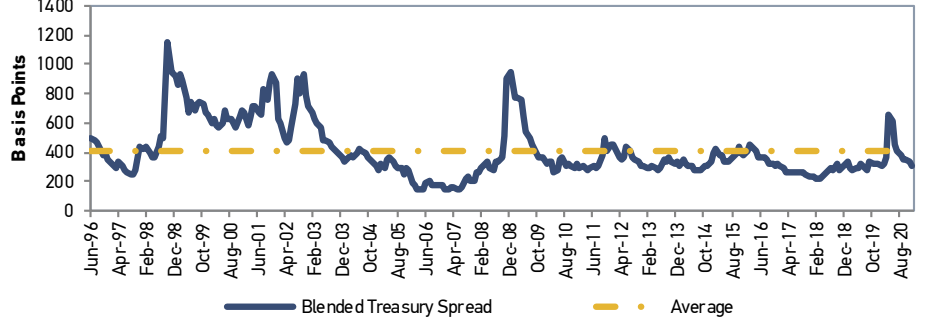
10-Year TIPS Breakeven



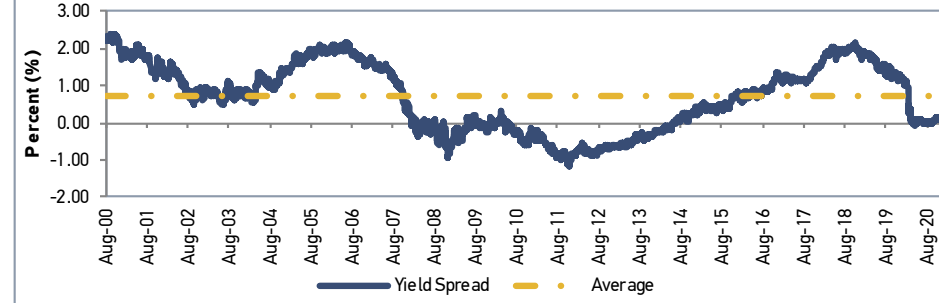
As of 12.31.2020; Source: FactSet

As of 12.31.2020; Source: Federal Reserve Board of Governors

EM Debt OAS



Yield Spread of Barclays U.S. Treasury Index to Global Ex-U.S. Treasury Index

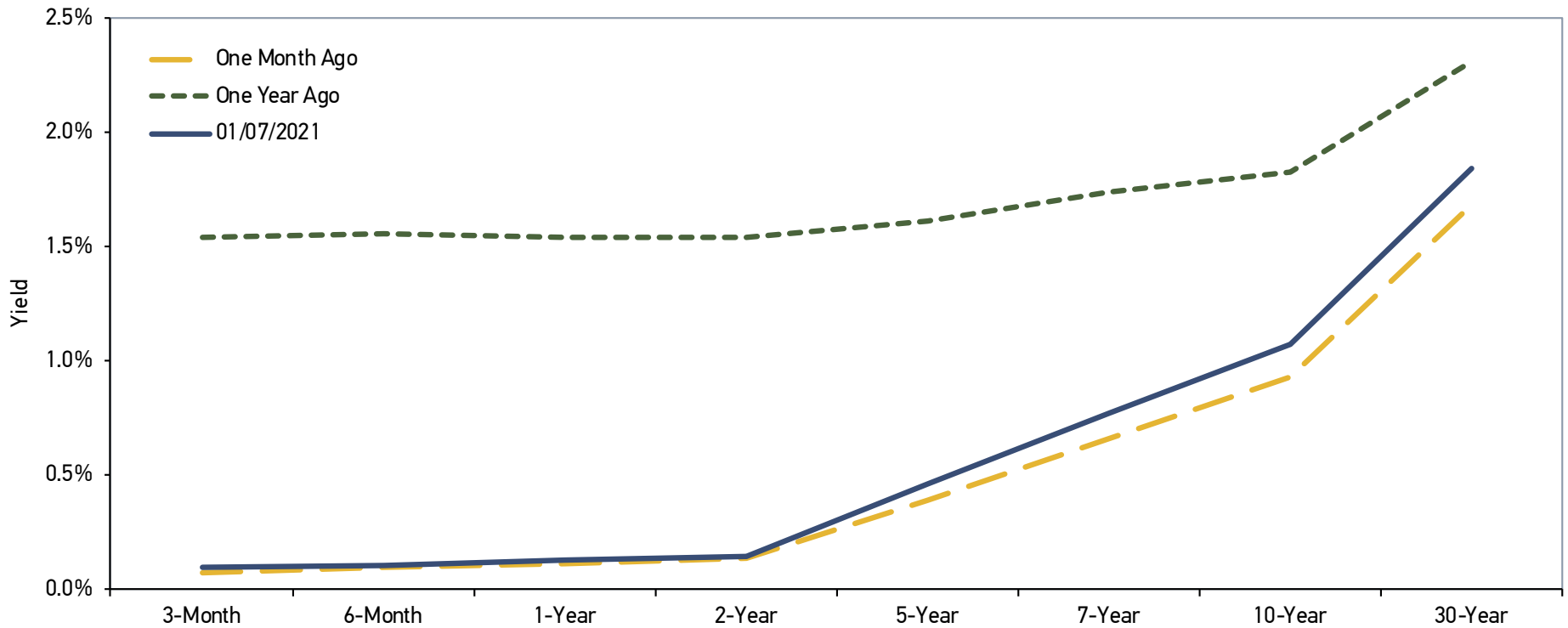


As of 12.31.2020; Source: Barclays

As of 12.31.2020; Source: Barclays

- Investment Grade and High Yield credit spreads moved significantly tighter in December and are well below historical averages.
- Market inflation expectations as measured by TIPS breakeven rates moved significantly higher last month and are close to historical averages.
- Emerging market debt spreads moved tighter in December, continuing their strong recovery from the highs reached in March. The yield spread of U.S. to Global Treasuries was little changed last month and remains below the historical average.

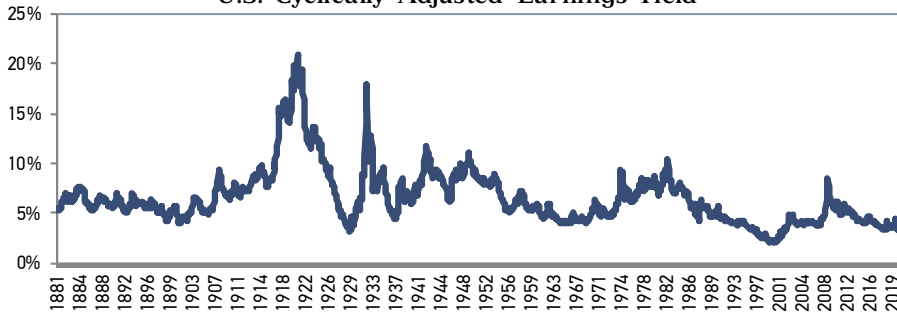
Note: Please see Appendix for important definitions.



- As of 01.07.2021, yields across the curve moved higher compared to the previous month. The seven, ten and thirty-year yields exhibited the sharpest increase having risen by 11, 24 and 16 basis points, respectively, month-over-month.

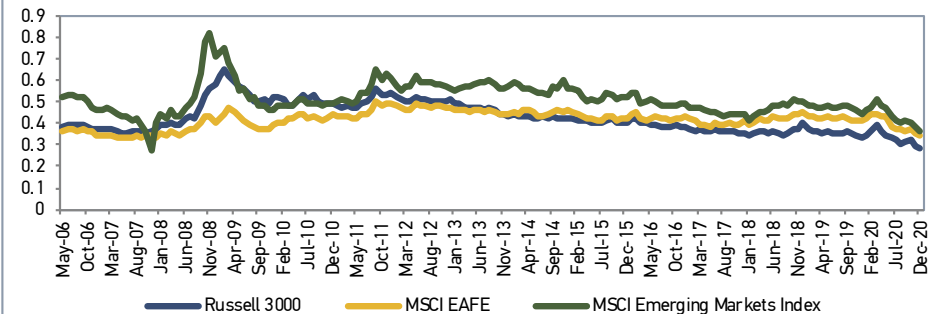


U.S. Cyclically Adjusted Earnings Yield



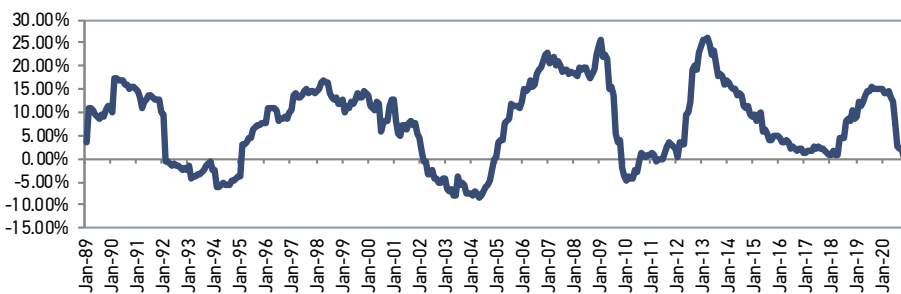
As of 12.31.2020; Source: Bloomberg, Online Data Robert Shiller "US Stock Markets 1871-Present and CAPE Ratio"

Revenue to Firm Value



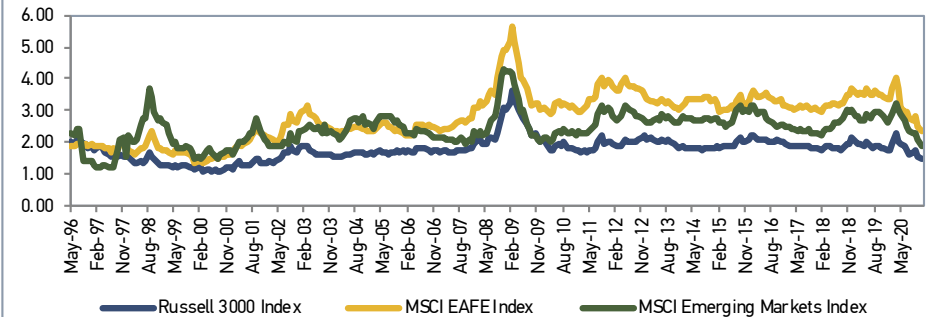
As of 12.31.2020; Source: Russell, MSCI

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



As of 12.31.2020; Source: FactSet, Russell, Bureau of Labor Statistics, Sterling Capital Analytics

Dividend Yield



As of 12.31.2020; Source: Russell, MSCI

- Following continued equity price increases in December, the U.S. cyclically adjusted earnings yield moved lower, further below the long-run average.
- Long-term real U.S. sales growth has dropped significantly in recent months and now sits near zero, largely reflecting the impact of COVID-19.
- Global revenue-to-firm value ratios and dividend yields continued to decline in December due to higher equity prices. International Developed and Emerging Market dividend yields provide a significant income advantage over U.S. yields.

Appendix



Core Consumer Price Index: a measure of the aggregate price level in an economy

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.



STERLING
CAPITAL

Disclosures

Past performance is not indicative of future results. Any type of investing involves risk and there are no guarantees.

The opinions contained in the preceding presentation reflect those of Sterling Capital Management LLC, and not those of Truist Financial Corporation or its executives. The stated opinions are for general information only and are educational in nature. These opinions 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. All opinions and information herein have been obtained or derived from sources believed to be reliable. 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 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 Truist Financial Corporation, Truist Bank or any affiliate, are not guaranteed by 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 does not provide tax or legal advice. You should consult with your individual tax or legal professional before taking any action that may have tax or legal implications.