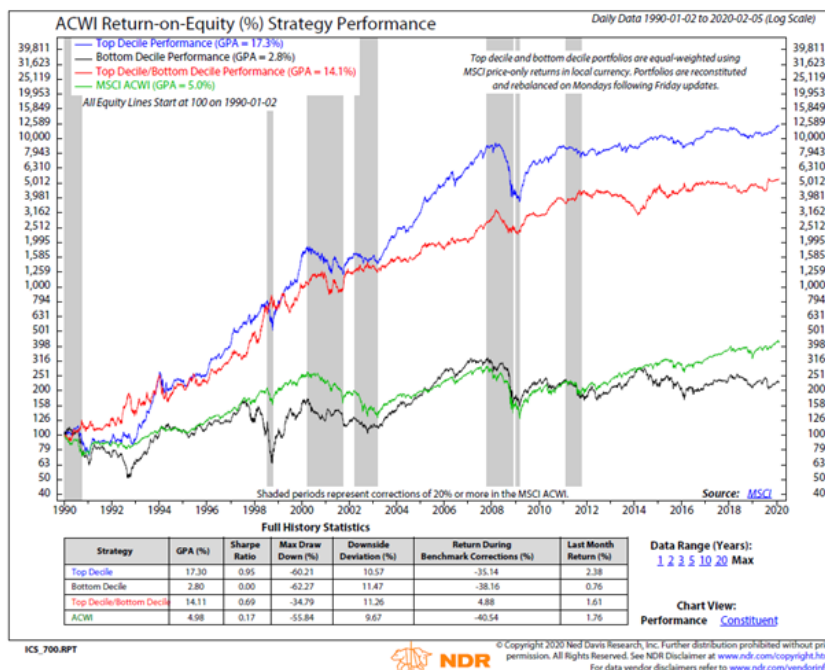




**“Success is a process of continually seeking answers to new questions.”**

- Renowned international investor, John Templeton



Source: Ned Davis Research

After winning last year's NCAA men's basketball championship, our favorite office college basketball team, the Virginia Cavaliers, are having a tougher season this year in conference play. One consistent characteristic that has helped the team win games has been its defense led by its "pack line" defense that Coach Tony Bennett employs. This proven framework of teamwork forces ball handlers into the middle of floor where other defenders can help fill gaps, increasing the chances of a Cavaliers win.

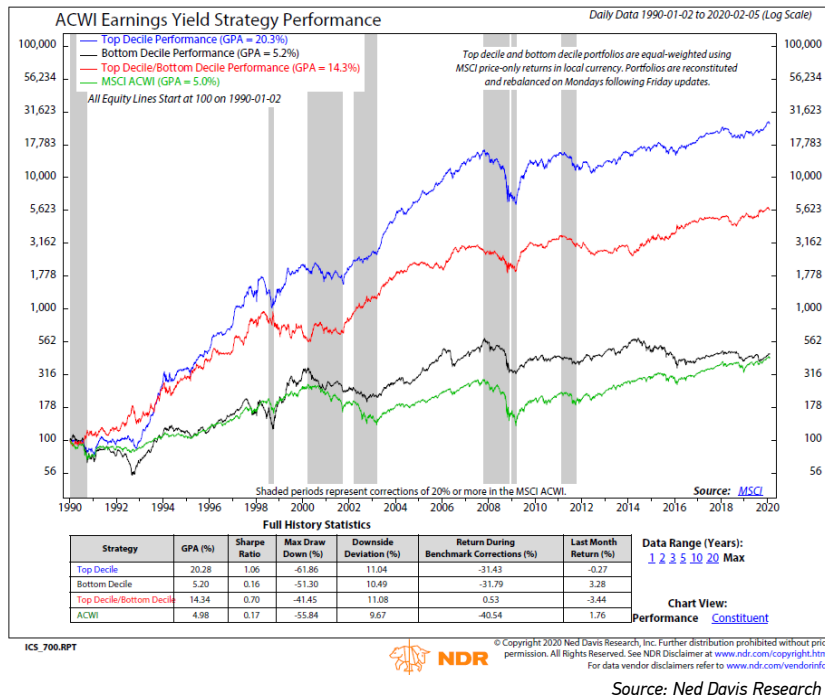
When we meet with institutional investors, they want to see a demonstrated investment process that is repeatable and puts the odds of success in the client's favor. We discuss our four investment pillars that have remained consistent since the founding of the group two decades ago. The pillars increase the probability of outperformance by orienting portfolio holdings toward characteristics that have been shown to outperform a benchmark over time.

We are constantly reexamining and testing these characteristics and this year our research provider was able to expand their work using global data. The international component of these datasets have been difficult to assemble because of the need to aggregate fundamental data for hundreds of companies over long periods of time. The new datasets increase our conviction in our process as the pillars generate outperformance versus the benchmark in global markets as well as domestic markets.

#### Four Pillars Factor Annualized Long Term Performance

	Global	S&P 500
Earnings Yield	20%	11%
EPS Growth	7%	15%
Return on Equity	17%	12%
Interest Coverage Ratio	9%	11%
Benchmark	5%	9%

Source: NDR. Global data versus MSCI All Country World Index for 29 years ending 11/21/19. Interest Coverage comprised of components on weighted average basis. S&P 500 data for 38 years ending 6/30/19.



What is interesting is that while each factor has demonstrated outperformance over decades, characteristics such as earnings yield (Price-to-Earnings ratios) and quality (Return on Equity) appear to drive more outperformance than in U.S.-based markets. It is important to note that the global results are assessed versus the MSCI All Country World Index that includes emerging markets. The charts provided on the front and back pages are for two of our pillars and highlight how

owning the top 10% of stocks in those categories (in blue) perform over time versus the benchmark (in green). From Charlotte to China, owning stocks with attractive valuations, strong profitability and earnings growth combined with strong balance sheets appears to offer a repeatable process that can generate outperformance for clients over time.

As always, thank you for your interest and trust managing your investments.

**Charles J. Wittmann, CFA®**, Executive Director, joined Sterling Capital Management in 2014 and has investment experience since 1995. Chip is an equity portfolio manager. Prior to joining Sterling, he worked for Thompson Siegel & Walmsley as a portfolio manager and (generalist) analyst. Prior to TS&W, he was a founding portfolio manager and analyst with Shockoe Capital, an equity long/short hedge fund. Chip received his B.A. in Economics from Davidson College and his M.B.A. from Duke University's Fuqua School of Business. He holds the Chartered Financial Analyst® designation.



The Chartered Financial Analyst® (CFA) charter is a graduate-level investment credential awarded by 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 opinions contained in the preceding commentary 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.