

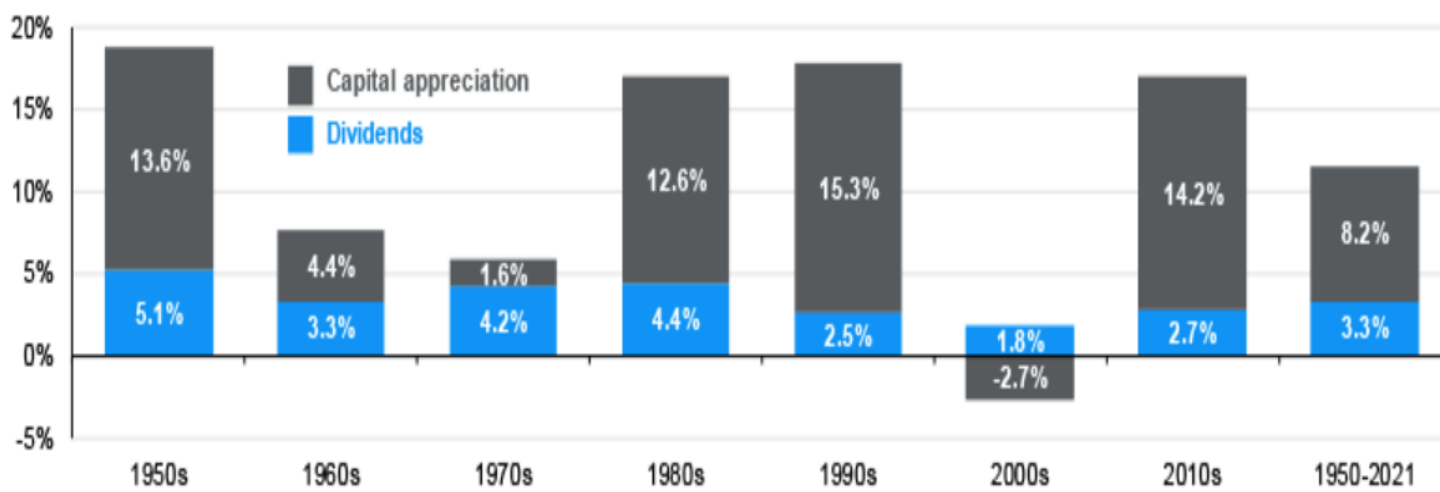
Equity Income SMA Commentary

1st Quarter 2026

Dividends matter – that’s the simple philosophy underlying the Sterling Capital Equity Income portfolio. From 1950-2021, the S&P 500® Index appreciated (price only) at an 8.2% compound rate, while total return (including reinvested dividends) was 11.5% per year. If that 3.3% per-year difference sounds trivial, consider the beauty of compounding over those 71 years. A \$100 investment at 12.31.1950 would have grown to \$26,924 from price appreciation alone, but to \$227,256 assuming reinvestment of all cash flows. Reinvested dividends provided nearly 29% of the stock market’s total return over time.

S&P 500 total return: Dividends vs. capital appreciation

Average annualized returns



Source: J.P. Morgan Asset Management.

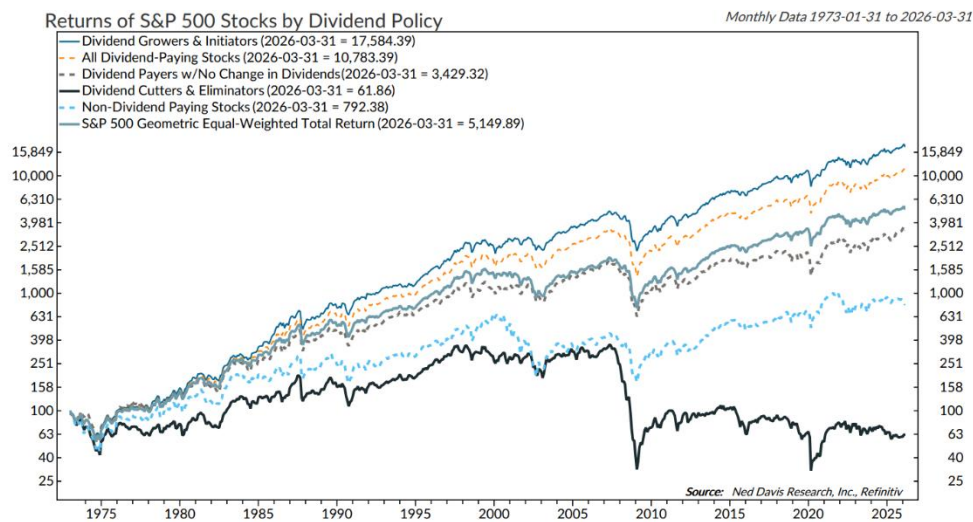
To maximize our perceived odds of investment success, we go two steps further in selecting companies for our portfolio. First, we consider only those stocks whose prevailing dividend yield is above that offered by the S&P 500, and second, we require that dividends have grown for at least three consecutive years or in six of the last ten years. As Ned Davis Research (NDR) shows on the following page, stocks that are able to increase payouts over time outperform the overall stock market as well as the no-dividend stocks which often garner the most attention. Once again, the difference is meaningful: dividend growers offered a 10.2% compound return for over 50 years, compared to 7.7% for equally-weighted members of the S&P 500, 4.0% for non-dividend constituents, and a woeful -0.9% for companies that cut their dividends.

Index performance of the S&P 500 is for illustrative purposes only. The volatility of an index varies greatly. Indices are unmanaged and investments cannot be made directly in an index.



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Portfolio Performance Statistics		
Analysis Dates: 1973-01-31 - 2026-03-31		
Portfolio	Gain/Annum %	Growth of \$100
Dividend Growers & Initiators	10.2	17584.4
All Dividend-Paying Stocks	9.2	10783.4
Dividend Payers w/No Change in Dividends	6.9	3429.3
Dividend Cutters & Eliminators	-0.9	61.9
Non-Dividend Paying Stocks	4.0	792.4
S&P 500 Geometric Equal-Weighted Total Return	7.7	5149.9

Returns based on monthly equal-weighted geometric average of total returns of S&P 500 component stocks, with components reconstituted monthly. Copyright 2025 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All rights reserved. See NDR disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/. Source: Ned Davis Research.

Quarterly Review

Performance	QTR	YTD	1YR	3YR	5YR	10YR	Since Inception ¹
Sterling (Pure Gross)	-0.31%	-0.31%	0.50%	6.96%	7.20%	10.66%	9.68%
Sterling (Net)	-1.05%	-1.05%	-2.43%	3.85%	4.08%	7.46%	6.50%
Russell 1000® Value Index	2.10%	2.10 %	15.87%	14.31%	9.43%	10.58%	7.71%

In 1Q26, the Equity Income strategy returned -0.31% on a gross basis and -1.05% on a net of fee basis, relative to the 2.10% return for the Russell 1000® Value Index.

¹Inception date is 12.31.2000. Data is as of 03.31.2026. The benchmark is the Russell 1000 Value. Performance results prior to 01.01.2013 are considered "predecessor performance" and were achieved by the Equity Opportunities team when they were known as CHOICE Asset Management, a division of Scott & Stringfellow. The net of fee performance reflects the deduction of the maximum SMA bundled fee of 3.00% annually for all periods presented. Performance is preliminary and is annualized for periods longer than one year. Net of fees performance returns are presented net of the SMA bundled fee, which includes all charges for trading costs, advisory services, portfolio management, custody and other administrative fees. "Pure" 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 SCM'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. Please refer to the attached GIPS Composite Report for additional disclosures. Sources: Russell Investments; eVestment Alliance; Sterling Capital Management Analytics.

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1Q26 Attribution

Sources: FactSet; Sterling Capital Management Analytics.

Energy stocks led the market in the quarter, with sector constituents in the Russell 1000 Value Index appreciating roughly 38.1% in Q1. Our sole Energy holding, **Coterra (CTRA)**, was a strong contributor during the period, rising 34.45% in the quarter at an average weight of just over 3%. This compares to an average benchmark weight of 6.5% for the index. The net effect of being underweight, Energy contributed to over half of Equity Income’s relative dispersion to the index this quarter. We remain underweight in the group as the figure below shows—while the market tends to perform well in the 12 months after spikes in oil prices, the same does not tend to be true for oil prices, and in turn, the stocks tied to the commodity.



Data is as of 03.06.2026. Past performance does not guarantee future results. Indices are unmanaged and not available for direct investment. Assumes reinvestment of capital gains and dividends and no taxes. For illustrative purposes only. Sources: BNY Mellon; Bloomberg L.P.

Our other key contributors were spread across the Technology, Industrials, and Materials sectors. **Analog Devices (ADI)** was up +17.69% in the quarter, driven by improving cyclical trends in its industrial end markets and its rapidly scaling power management franchise in datacenters, in our view. Last quarter we added **Motorola Solutions (MSI)** to the strategy, a leading provider of communications radios and solutions for first responders. We added the stock on a dip in valuation over our concerns regarding near-term bookings trends, however, bookings in Q4 improved, helping drive the stock up +13.52% in the quarter. In Industrials, **Deere** rose +21.34% in the quarter, we believe reflecting increasing optimism regarding the agriculture cycle improvement. And in Materials, **Linde (LIN)** rose +16.66% on the prospect of improving volume growth, particularly in verticals like semiconductors and unique customers like SpaceX. Additionally, we believe the company may benefit from improving helium pricing due to supplies trapped in the Persian Gulf.

Please refer to the Performance Disclosure found on page 10. Please refer to the table titled “Performance”, which provides the gross and net of fee returns of the composite, including performance results for the prescribed 1-year, 5-year, and 10-year periods (or since inception, as applicable).



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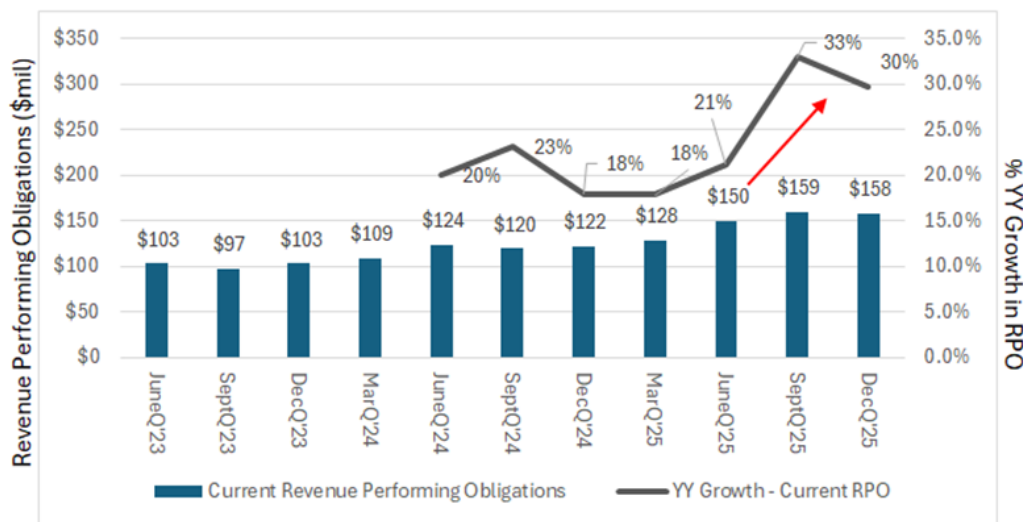
Artificial intelligence (AI) remained a very prominent theme in the market during the quarter, both in terms of companies in the datacenter value chain benefiting from cloud infrastructure investments, as well as companies perceived to be at a competitive risk. We note that nine of the top 20 benchmark contributors in Q1 fit this theme, including two that we own. As noted on the previous page, ADI and LIN were top contributors in the quarter. Collectively, these nine have an average beta of 1.6, versus a historical beta of well below one for Equity Income. None of the other seven, including Micron (+18.4%), Sandisk (+167.6%), Applied Materials (+33.1%), Intel (+19.6%) and Western Digital (+57.1%), currently meet Equity Income’s dividend criteria.



Sources: FactSet; Sterling Capital Management Analytics.

As for the detractors in Equity Income, we highlight **Microsoft’s (MSFT)** -23.28% decline in the quarter. We believe the main reason for the decline is perceived vulnerability to AI given the company’s large software portfolio. But it seems ironic to us, given that theme particularly came to light in late 2022 and early 2023 culminating with Microsoft’s \$10B investment in OpenAI in January 2023. We continue to appreciate Microsoft’s competitive position as a cloud service provider for key AI innovators like OpenAI and Anthropic. Moreover, near-term trends appear to be accelerating, as evidenced by current revenue performing obligations (CRPO), or revenue from existing contracts expected to be recognized over the next 12 months), which we estimate to have accelerated to more than 30% year-over-year (YOY) growth in the two most recent quarters, versus 19%-22% growth over the prior five quarters.

Microsoft Revenue Performing Obligation Growth Acceleration



YY = year-over-year. RPO= revenue performing obligations. Data is as of 12.31.2025. Source: 2025 Microsoft Annual Report.

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Other holdings that were in the “AI vulnerable” cohort in Q1 included **Automatic Data Processing (ADP)**, a key provider of payroll processing software for large and medium-sized employers, which fell -20.37% in the quarter, and **Accenture (ACN)**, a leading IT services company, which fell -16.17% in the quarter. We continue to monitor developments and assess valuation in these holdings. In the case of Accenture, our assessment was to remove the stock from Equity Income in Q1 (see next page). Our wealth management stocks were also weak on a perceived risk from AI—negative contribution was largest from **Ameriprise (AMP)** in the quarter, down -9.1%. We also note similar share weaknesses from **Schwab (SCHW)** and **Raymond James (RJF)** in the quarter. We continue to believe that positive demographic trends will continue to favor the group and that a trusted human relationship with a financial advisor will remain at the center of the wealth management value proposition for some time. Finally, **Dominos (DPZ)** was also a key detractor in the quarter, down -13.5%, reflecting what we believe is concern over “what’s next” for comparable same-store sales after lapping the benefits of its “Stuffed Crust Pizza” introduction in March 2025 and its DoorDash partnership last year. We continue to assess these dynamics relative to valuation.

Purchases

We added **Eaton Corporation (ETN)** to the Equity Income strategy in February. Eaton is a leading provider of power management systems utilized in many end-markets including electric utility grids, datacenters, aerospace, and industrial applications. As electrification proliferates around the world, we believe Eaton is well positioned to benefit from long-term secular tailwinds driving power infrastructure investment. The most prominent of these, in our view, is in datacenters supported in part by demand for artificial intelligence (AI) applications like ChatGPT. We believe Eaton is a leader in the power systems used inside of datacenters and we estimate datacenters were about 20% of total revenue and grew 35% in 2025. Order and backlog trends remain strong in this vertical and elsewhere, supporting an attractive and durable revenue and earnings growth profile, in our view.

We also added **JPMorgan Chase & Co. (JPM)** in February. JPM is a leading global financial services firm with approximately \$4.0T in assets and operations in more than 60 countries. We believe the quality of the business is defined by a unique combination of unmatched scale, a “fortress” balance sheet, and a company management culture that balances growth and lending prudence. More recently, the opportunity to purchase shares arose during a period of concern over the private credit environment. It seems JPMorgan’s exposure here is sound and we like the opportunity for the company to possibly gain market share in key leadership areas. We also like JPM’s potential opportunity to benefit from a more favorable regulatory environment. Should capital requirements ease, we believe the company may be able to materially enhance its ability to increase buybacks and dividends.

Finally, we added **American Express (AXP)** in March. The company is a globally integrated payments company and premium lifestyle brand that provides credit cards, charge cards, and banking services to a diverse customer base of consumers and businesses. American Express’s position as a “closed loop” payment network is a key advantage in our view, as it allows the company to capture attractive economics from both the consumer and the merchant (i.e. retailer, et al). We believe the long-term opportunity for American Express may lie in its successful evolution from a traditional corporate charge card into a highly coveted lifestyle brand for younger, affluent consumers. More recently, shares reflected concern that AI could represent a threat to the business if AI displaces a large number of professional workers. We believe the business is durable and therefore took advantage of the lower valuation to purchase shares.

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Removals

As for sales, in January, we sold shares of **Avery Dennison Corporation (AVY)**, a leading provider of labels used in a variety of consumer and industrial goods. Our decision to exit the position is driven by a convergence of macroeconomic headwinds and structural concerns in the core Materials segment, which challenged the "defensive compounder" thesis we originally underwrote. Furthermore, when we initially bought the stock, we viewed the "Intelligent Labels" segment as a key growth driver of the overall story. Initially the segment performed well as UPS rolled out Avery in its logistics business but growth was uneven after this customer ramp, causing us to question the strength of the adoption cycle.

We also sold shares of **Booz Allen Hamilton (BAH)** in January. BAH is a technology consulting and services vendor to the federal government helping equip defense, intelligence, and civil agencies with the sophisticated tools necessary to modernize their operations and protect national interests. At purchase, we saw value in BAH's distinct ability to bridge the gap between commercial technology innovation and critical government missions. Over the past 18 months, Booz experienced a period of heightened austerity with respect to government spending on IT services, culminating with a contract termination with the U.S. Treasury Department in January 2026. Because it is hard to discern when a more constructive spending environment may materialize, we rotated to a better perceived idea.

We also sold **Johnson & Johnson (JNJ)** in January, which had been a long-time Equity Income holding. Our sale rationale was primarily driven by valuation. In late 2024 into 2025, the company's growth rate seemed to suffer due to a key drug going off patent; Stelara was roughly 13% of total revenue. This drove difficult comparisons in 2025, but we believe JNJ did a notable job offsetting the Stelara loss with growth from other key drugs in its portfolio and strong performance in its MedTech segment. This helped drive JNJ's forward P/E from the high teens to low-20x range—levels we have not seen since the early-to-mid 2000s on an absolute basis. With our price objective met, we reallocated to a better perceived idea.

We also sold our shares of **Accenture (ACN)** in February. At purchase, we liked Accenture's strong revenue growth derived from their role in helping companies achieve digital transformation and leveraging the cloud. Despite Accenture's historical strengths as a market leader in digital IT services, we believe AI represents a disruption risk both in terms of the role and scope of services Accenture may be able to provide clients in the future, and the business model it utilizes to be compensated for its services. At the crux, our investment thesis changed as AI may prove to be significantly deflationary to Accenture's business; the extent of that risk is potentially material and difficult to analyze in our view.

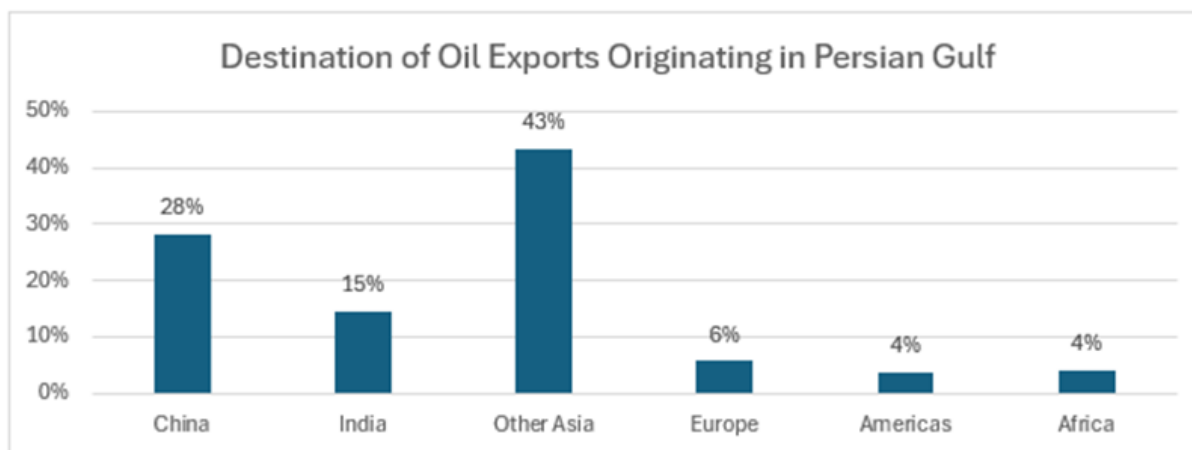
Finally, we sold our shares of **Everest Group (EG)** in February. At purchase, we liked the stock's low valuation, the company's established position as a "blue-chip" player in the global reinsurance market and its selective expansion into primary insurance lines. Our decision to sell is driven by what we view as a qualitative shift in the company's operating environment marked by a recent softening in the pricing environment. The specialty insurance segment, moreover, seemed to face underwriting headwinds during our ownership period, resulting in a change in strategy in this end market. Given these challenges, we have chosen to redeploy capital into more attractive perceived opportunities.

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Outlook

At the time of this writing, the U.S. has been engaged in Operation Epic Fury for roughly one month and has negotiated a temporary ceasefire with Iran. We believe the biggest impact since the conflict began has been the restriction of maritime traffic through the Strait of Hormuz, which remains controlled by Iran even after the ceasefire. Roughly 20MM barrel equivalents of oil per day, or about 20% of oil consumed globally passes through the Strait, according to the International Energy Agency (IEA). IEA also estimates about 80% of that oil is bound for Asia, with China representing almost 30% of consumption, followed by India at 15%. While some of this volume may be able to pass through Saudi Arabia's Abqaiq-Yanbu pipeline to the Red Sea, it remains to be seen how much of the remaining volume (along with other key raw inputs such as helium and nitrogen) will be able to flow freely through the Strait and/or be subject to a toll, and over what time horizon.



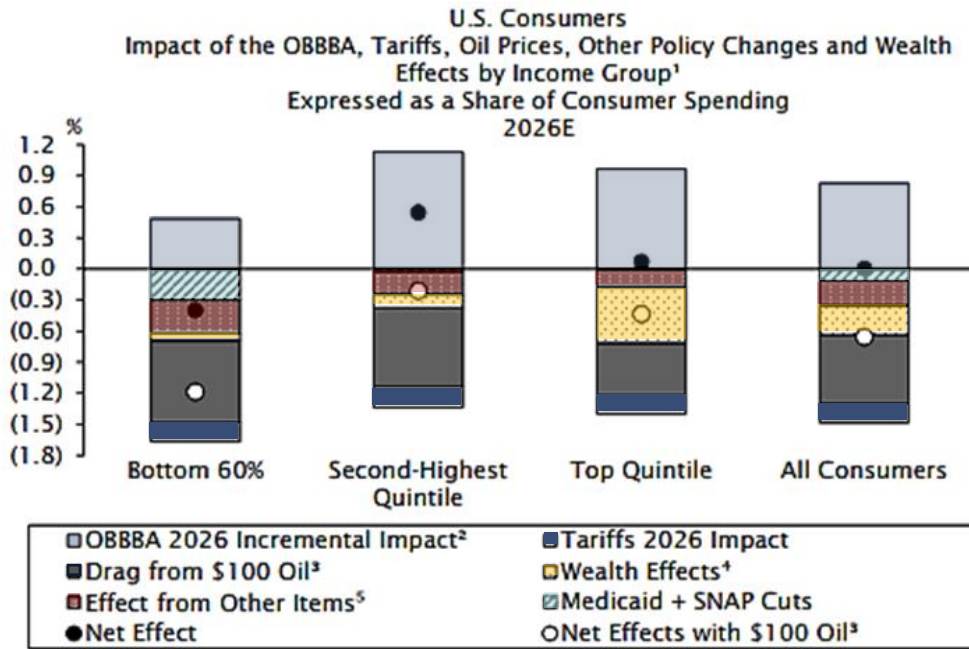
Source: IEA. Data is as of 04.09.2026.

Should higher oil prices remain in place, the implications for the global economy may extend beyond what prices consumers see at the pump. For businesses, a key component of gross domestic product (GDP) growth has been the construction of datacenters (and large construction projects more broadly), supported by tax incentives in both former President Biden's infrastructure bill and current President Trump's One Big Beautiful Bill Act (OBBBA). But even prior to the conflict, overall industrial activity had been weak with manufacturing purchasing managers' index (PMI) below 50 for 34 of 36 months prior at year end. PMI has moved slightly above 50 in early 2026 but that trend may prove fragile should key input prices and geopolitical uncertainty linger. Consumers, moreover, were already grappling with the impact of tariffs, reduced Medicaid eligibility, the cessation of Affordable Care Act subsidies, and reductions in Supplemental Nutrition Assistance Program (SNAP) benefits, offset by OBBBA tax relief. Empirical Research makes the point on the next page that these tax benefits may be more than consumed by the net inflationary effects of persistently higher oil.

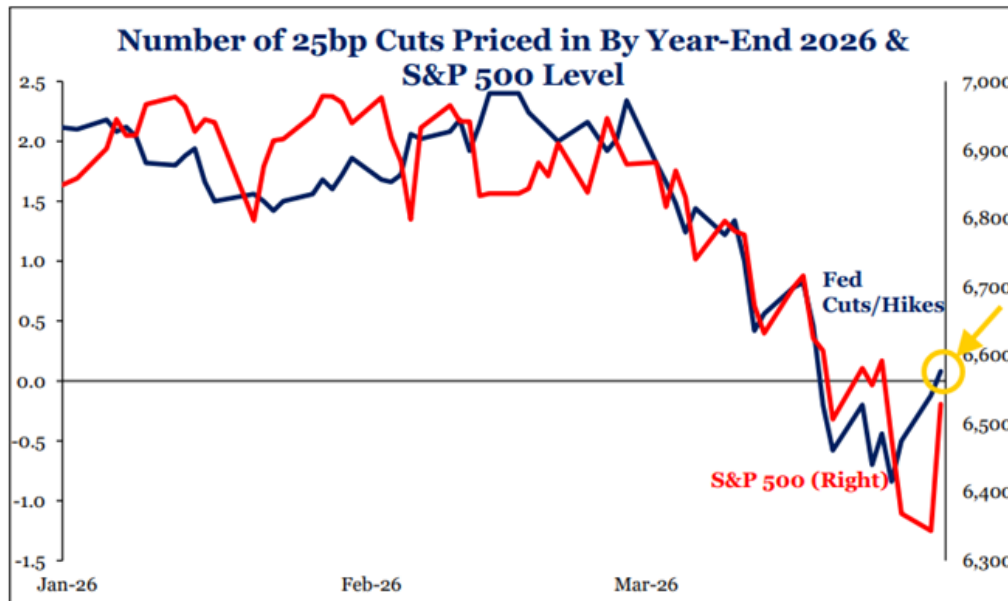
The One, Big, Beautiful Bill Act (OBBBA), signed into law on July 4, 2025, is a major piece of U.S. federal legislation aimed at restructuring taxes, extending 2017 tax cuts, and creating new deductions for working Americans. The Affordable Care Act (ACA) is the comprehensive healthcare reform that was signed into law by President Barack Obama in March 2010. It was formally known as the Patient Protection and Affordable Care Act and commonly referred to as Obamacare. The law includes a list of healthcare policies intended to expand access to health insurance to millions of uninsured Americans.

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Higher inflation may also have implications for interest rates in 2026, as the market had been pricing in roughly two 25 basis point (bp) rate cuts going into the year. However, since the Iran conflict started, the probability of rate cuts versus hikes has dipped to now more even odds, in our opinion.



Source: Strategas. Data is as of 04.2026.

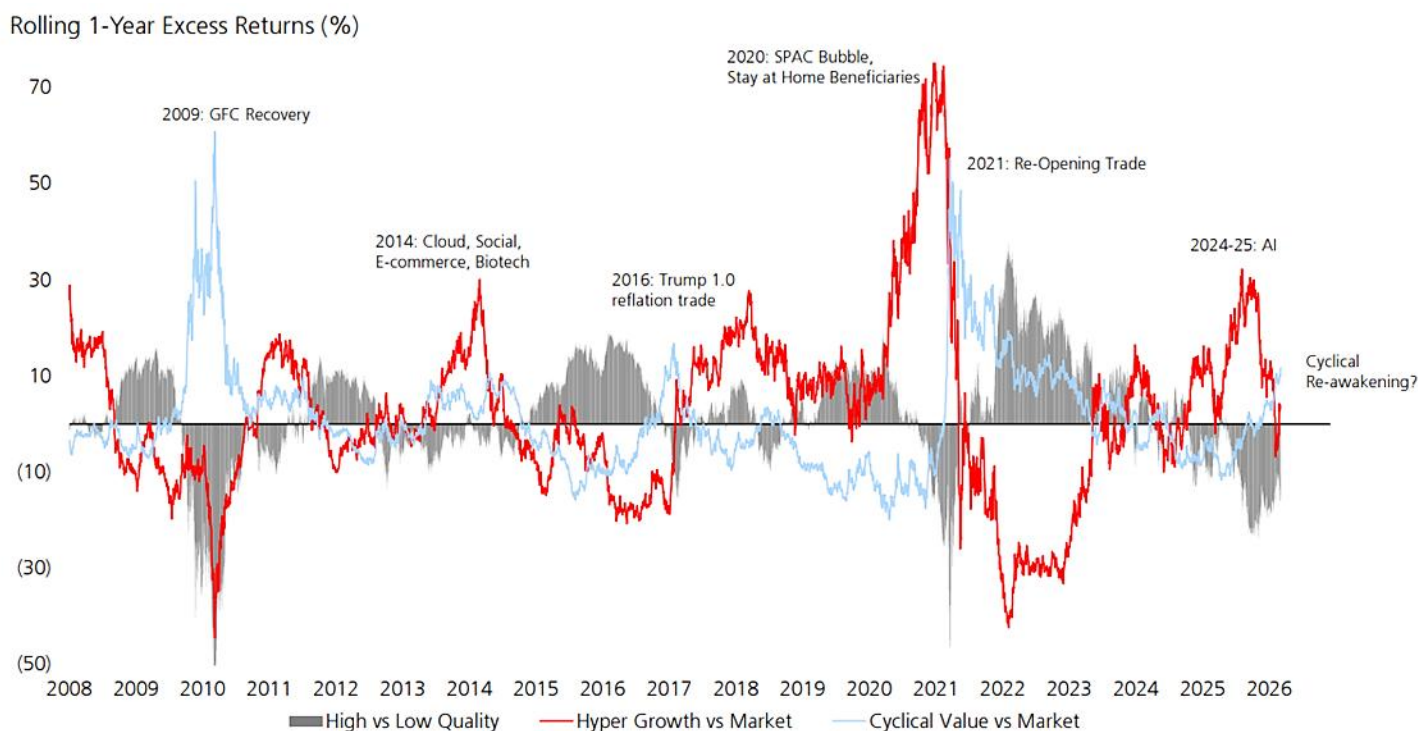
¹Assumes a 65% pass-through of the new tariffs, and that the 10% Section 122 tariffs are made permanent. A quintile is a statistical term representing one-fifth (20%) of a total dataset or population, dividing ordered data into five equal subgroups. ²Excludes 2017 tax cut extensions. ³Annualized effects. Price increases are +26% for gas and fuel oil +3% for natural gas, +3.5% for electricity, and +17% for airfare. ⁴Wealth effects include equities, bonds, real estate, and cryptocurrencies. 2026 through late March. ⁵Includes above-trend, healthcare (including ACA) and homeowners' insurance costs, and below-trend rent increases. Source: Empirical Research. Data is as of 03.31.2026.

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In conclusion, with what appears to be a higher degree of uncertainty from exogenous geopolitical events, we would argue the market may be due for a relative resurgence in quality. As the figure below shows, quality has shown to be out of favor for roughly two years, inversely ceding performance to both hyper growth and cyclical stocks. However, we believe it's been historically rare for quality to underperform to this degree in terms of both this magnitude and duration. Defining characteristics of high-quality companies may include durable earnings growth and high capital returns (helped by business attributes such as pricing power), as well as strong balance sheets. These are attributes that can perform in a variety of market environments including periods of uncertainty and higher inflation, in our view We believe Equity Income appears to be well positioned should style factors reverse, including recent additions like Eaton, JPMorgan, and American Express.

Quality's Kryptonite: Innovation Cycles and Economic Recoveries



GFC: global financial crisis. SPAC: special purpose acquisition company. Largest 1000 U.S. Companies by Market Cap. Daily returns calculated on equally weighted portfolios, rebalanced monthly. Data is as of 03.31.2026. Sources: UBS Holt; The Bloomberg Professional service.

Thank you for your investment and confidence in us.

Chip Wittmann, CFA®
Co-Portfolio Manager

Jeremy Lopez, CFA®
Co-Portfolio Manager



Important Information

Disclosures

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The Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® companies with lower price-to-book ratios and lower expected growth values. The Russell 1000® Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics.

The S&P 500® Index is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Currently, the S&P 500 Composite includes 500 of the largest stocks (in terms of stock market value) in the United States and covers approximately 80% of available market capitalization.

Dividend Policies: Dividend Risk: Dividend yield is one component of performance and should not be the only consideration for investment. Dividends are not guaranteed and will fluctuate. This report should not be regarded by the recipients as a substitute for the exercise of their own judgment. It is important to review your investment objectives, risk tolerance and liquidity needs before choosing an investment style or manager. **Dividend Paying vs. Non-Paying:** Each stock's dividend policy is determined by its indicated annual dividend. We classify a stock as a dividend-paying stock if the company indicates that it is going to be paying a dividend within the year. A stock is classified as a non-payer if the stock's indicated annual dividend is zero. Prior to July 2000, the indicated annual dividends were updated on a quarterly basis. Since July 2000, the indicated annual dividends are updated on a daily basis, so the most up-to-date information is used. The index returns are calculated using monthly equal-weighted averages of the total returns of all dividend-paying (or non-paying) stocks. A stock's return is only included during the period it is a component of the underlying index. The dividend figure used to categorize the stock is the company's indicated annual dividend, which may be different from the actual dividends paid in a particular month.

Dividend Growing, No-Change-in-Dividend, and Dividend Cutting: Each dividend-paying stock is further classified into one of the three categories based on changes to their dividend policy over the previous 12 months. Dividend Growers and Initiators include stocks that increased their dividend anytime in the last 12 months. Once an increase occurs, it remains classified as a grower for 12 months or until another change in dividend policy. No-Change stocks are those that maintained their existing indicated annual dividend for the last 12 months (i.e., companies that have a static, non-zero dividend). Dividend Cutters and Eliminators are companies that have lowered or eliminated their dividend anytime in the last 12 months. Once a decrease occurs, it remains classified as a cutter for 12 months or until another change in dividend policy. (Source: Ned Davis Research).

Technical Terms: Return on Equity (ROE) is a measure of a company's financial performance. It is calculated by dividing net income by shareholders' equity. Because shareholders' equity is equal to a company's assets minus its debt, ROE is a way of showing a company's return on net assets. **Earnings per share (EPS)** is a financial ratio that measures a company's profitability. It represents the net income earned by a company per outstanding share of its common stock. **Earnings before interest and taxes (EBITDA)** stands for earnings before interest, taxes, depreciation, and amortization. The **equal weight S&P 500** refers to an index that assigns an equal weight to each of the 500 companies, regardless of their market capitalization. This means that all companies have approximately the same influence on the index's performance, which can lead to different investment strategies and market behaviors compared to the traditional market capitalization-weighted index. **The Current Remaining Performance Obligations (crPO)** represent the portion of a company's total contracted, unearned revenue expected to be recognized within the next 12 months. It combines deferred revenue and non-cancelable backlog, serving as a key indicator of short-term revenue visibility, sales momentum, and customer demand. **Gross domestic product (GDP)** is the monetary value of all finished goods and services made within a country during a specific period. **Purchasing Managers' Index (PMI)** is an economic indicator that assesses the business environment by surveying purchasing managers at private-sector companies about their expectations for orders, production, employment, and supplier deliveries. **Rolling 1-year excess** returns measure an investment's annualized performance over a 12-month period, minus a benchmark's return, recalculated frequently (e.g., daily or monthly) to evaluate consistency and risk-adjusted performance. This technique avoids timing bias, showing how a fund performs across different market cycles rather than a single point in time (Technical definitions are sourced from Corporate Finance Institute and Investopedia.)

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Sterling Capital Equity Income SMA

	Total "Pure" Gross Return	Total Net Return	Benchmark Return	3Y Composite Std. Dev. (Gross)	3Y Benchmark Std. Dev.	Composite Dispersion	Number of Portfolios	Composite AUM (MM)	Total Firm AUM (MM)
2025	2.24%	-0.74%	15.91%	12.12%	12.41%	0.16%	382	\$194	\$69,234
2024	5.82%	2.75%	14.37%	15.19%	16.66%	0.17%	525	\$236	\$66,160
2023	13.45%	10.17%	11.46%	15.52%	16.51%	0.13%	478	\$277	\$66,746
2022	-2.54%	-5.40%	-7.54%	20.20%	21.25%	0.12%	511	\$283	\$62,842
2021	28.68%	25.00%	25.16%	18.17%	19.06%	Not Calculable	4	\$439	\$75,309
2020	7.17%	4.05%	2.80%	18.87%	19.62%	Not Calculable	4	\$588	\$70,108
2019	25.30%	21.71%	26.54%	11.32%	11.85%	Not Calculable	5	\$739	\$58,191
2018	-0.26%	-3.18%	-8.27%	11.01%	10.82%	Not Calculable	5	\$619	\$56,889
2017	20.54%	17.08%	13.66%	9.78%	10.20%	Not Calculable	4	\$643	\$55,908
2016	15.43%	12.10%	17.34%	10.40%	10.77%	Not Calculable	3	\$989	\$51,603

Benchmark: Russell 1000® Value Index

Composite Creation Date: 10.16.2014

Inception Date: 01.01.2001

- Consists of all discretionary separately managed wrap Equity Income portfolios. SCM's Equity Income portfolios invest primarily in companies with a dividend yield greater than the S&P 500 and a history of growing the dividend, either three consecutive years or six of the prior ten years.
- The material risks of this strategy include, but are not limited to, the following: Market Risk, Management Risk, Market Disruption and Geopolitical Risk, Company Specific Risk, Equity Securities Risk. For a full list of strategy risks, please reference Sterling Capital Management's Form ADV, Part 2A.
- Sterling Capital Management LLC (SCM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. SCM has been independently verified for the periods 01/01/2001-12/31/2024. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. Benchmark returns are not covered by the report of the independent verifiers. GIPS® is a registered trademark of the CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.
- SCM is a registered investment advisor with the U.S. Securities & Exchange Commission (SEC). Registration does not imply a certain level of skill or training. SCM manages a variety of equity, fixed income and multi-asset portfolios. Prior to January 2001, SCM was a wholly-owned subsidiary of United Asset Management (UAM). In January 2001, SCM 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 (BB&T) purchased a majority equity ownership stake in SCM. In October 2010, the management group of SCM entered into an agreement with BB&T that reduced and restructured management's interest in SCM. Additionally, BB&T Asset Management merged into SCM. In January 2013, CHOICE Asset Management merged into SCM. In August 2015, eight new employees joined SCM via Stratton Management Company following the close of BB&T's purchase of Susquehanna Bancshares. In December 2019, BB&T and SunTrust Banks, Inc. Holding Company merged as equals to form Truist Financial Corporation (Truist). SCM was then a wholly-owned subsidiary of Truist. In August 2020, eight new employees joined SCM via the Investment Advisory Group of SunTrust Advisory Services. In July 2024, Guardian Capital U.S. Asset Management (formerly Guardian Capital LLC), a wholly-owned subsidiary of Guardian Capital Group Limited (Guardian), completed the acquisition of SCM from Truist. In March 2026, Desjardins Group completed its acquisition of Guardian Capital Group Limited. SCM is now an indirect, wholly-owned subsidiary of Desjardins Global Asset Management Inc., which is part of the Desjardins Group.
- The performance presented represents past performance and is no guarantee of future results. Market and economic conditions vary from year to year and can result in a decline in market value due to material market or economic conditions. Please refer to the slide titled "Performance" for the one-, five-, and ten-year returns of the composite.
- A complete list of all of SCM's composites and SCM's broad distribution pooled funds and their descriptions is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Composite Reports are available upon request.
- Performance reflects reinvested interest income and dividends and realized and unrealized capital gains and losses. All portfolios utilize trade-date and accrued income accounting. Valuations and performance are reported in U.S. dollars. Periodic time-weighted returns are geometrically linked. Returns are not calculated net of non-reclaimable withholding taxes due to immaterial dollar amounts. Effective 1/1/21, composite returns are calculated by weighting the individual portfolio returns using beginning of period market values. Prior to 1/1/21, composite returns were calculated monthly by weighting the aggregate SMA/Wrap sponsor returns using beginning of period market values.
- "Pure" gross of fees returns are presented as supplemental information and do not reflect the deduction of any fees including trading costs. Net returns are calculated by deducting the highest applicable wrap fee of 3.00% annually from the pure gross composite return. The SMA fee includes all charges for trading costs, portfolio management, custody and other administrative fees. The actual fee may vary by size and type of portfolio. The maximum SMA or bundled external platform fee is 2.84% annually and includes SCM's actual management fee of 0.34%. SCM's actual management fees are 0.50% annually or less. Since inception, the composite is comprised 100% of wrap fee portfolios.
- Effective 1/1/22, portfolios are removed from the composite for flows 10% or greater of prior month portfolio market value. Portfolio remains out of the composite for the month of the flow and for one additional period. Prior to 1/1/22, portfolios were not removed from the composite for flows.
- The appropriate benchmark is the Russell 1000® Value Index. The Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S equity universe. It includes those Russell 1000® companies with lower price-to-book ratios and lower expected growth values. The index is reconstituted annually. Total return includes price appreciation/depreciation and income as a percent of original investment.
- 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, and is calculated using gross of fee returns. It is not meaningful when there have been less than six portfolios in composite for entire calendar year. The 3-year annualized standard deviation measures the variability of the composite and benchmark returns over the preceding 36-month period. The composite 3-year standard deviation is calculated using gross of fee returns. It is not required to be presented when a full three years of composite performance is not yet available.
- Effective 1/1/22, number of portfolios is based on underlying accounts at the wrap sponsors. Prior to 1/1/22, number of portfolios was reported as the number of wrap platforms.