Special Opportunities SMA Commentary

1st Quarter 2026

The Sterling Capital Special Opportunities strategy is designed to be a “core” or “all-seasons” portfolio, with a primary goal of generating long-term capital appreciation. Noting that our industry often classifies investments with either a “growth” or “value” label, we argue instead that value without growth represents a wasting asset, and growth without regard to the price is merely speculation. We strongly believe in building a well-diversified portfolio with constituents that boast both growth and value characteristics. We seek above-average growth of capital, but endeavor to mitigate downside risks by using time-tested valuation tools and profitability (“quality”) parameters.

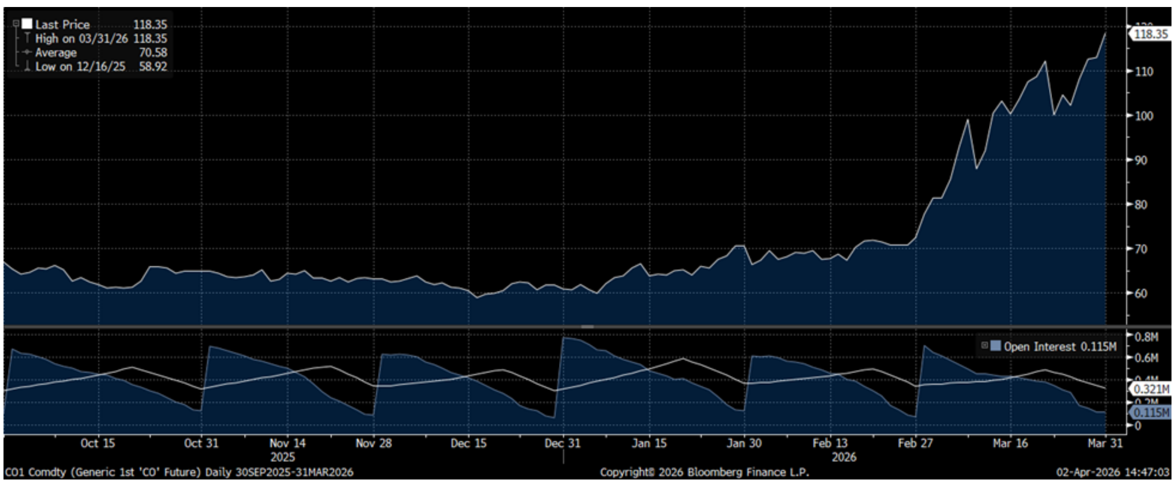
Both academic literature and our own experience suggest that the so-called growth and value styles, as well as small- and large-capitalization companies, move into and out of investment favor, much as our underlying economy moves through various phases of expansion and retrenchment. Sustained periods of out- or under-performance can lead to unproductive investor outcomes via switching. By blending these characteristics, we hope to offer our clients a more consistent return profile, while also allowing us the flexibility to take advantage of occasional perceived extremes in sentiment.

Consistent with our endeavor to generate above-average returns with below-average risk compared to the overall equity market, we must “dare to be different” from our benchmark. In industry parlance, our portfolio demonstrates high “active share,” meaning our philosophy offers the statistical opportunity to outperform popular averages. By constructing portfolios with approximately 30-35 carefully selected securities, we strive to achieve 95% of the diversification of a 500-stock portfolio while excluding expensive, poorly-financed, or strategically vulnerable companies from our holdings.

Market Commentary

After entering 2026 with analyst expectations of easing inflation, rate cuts, and continued artificial intelligence (AI)-led equity strength, investors instead confronted a synchronized shock across energy, interest rates, and risk assets. At the center of 1Q26 was the escalation of conflict involving Iran and disruptions around the Strait of Hormuz, which we believe triggered one of the sharpest energy shocks in decades. Brent crude almost doubled during the quarter, marking a historic move in such a short period.

Brent Crude Oil Price from 09.30.2025 to 03.31.2026



Open interest: Open interest is the total number of derivative contracts, including futures and options, that remain outstanding in the market and have yet to be settled.
Source: Bloomberg L.P. Data is as of 03.31.2026.

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This shock reverberated across asset classes:

- Nearly $10T in global equity value was erased in 1Q26 according to Reuters.
- Global bond yields spiked as inflation expectations repriced upward.
- Traditional safe havens such as gold and bonds provided limited diversification.

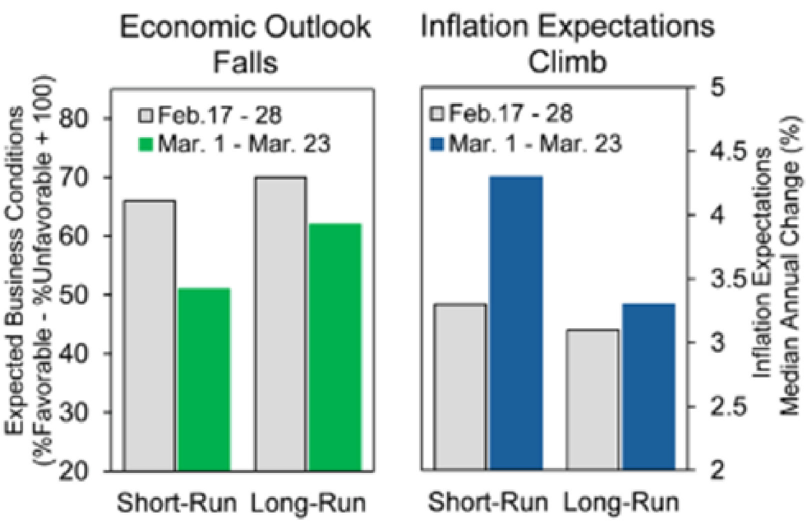
The geopolitical layer extended beyond the Middle East with U.S. actions in Venezuela and Greenland, contributing to a broader sense of instability in global trade and capital flows, in our opinion.

The macro narrative shifted rapidly toward stagflation concerns:

- Growth expectations moved lower.
- Inflation expectations moved higher.
- Oil-driven inflation complicated central bank policy.
- The Federal Reserve (Fed), expected to cut rates early in 2026, may not cut at all in 2026.

Note the University of Michigan's latest consumer survey changes pre and post the start of the Iran military conflict on February 28, 2026:

Expectations Worsen After Start of Military Conflict in Iran, Particularly Over Short Run



Data is as of 03.27.2026. Source: University of Michigan

Importantly, the shock did not fully disrupt economic activity in 1Q26:

- U.S. gross domestic product (GDP) growth slowed but remained positive.
- 2026 analyst earnings expectations stayed resilient at mid-teens year-over-year (YOY) growth.
- Of the S&P 500 companies issuing positive earnings per share (EPS) guidance over the last five years, 1Q26 was the second highest quarter (led by Information Technology and Healthcare).

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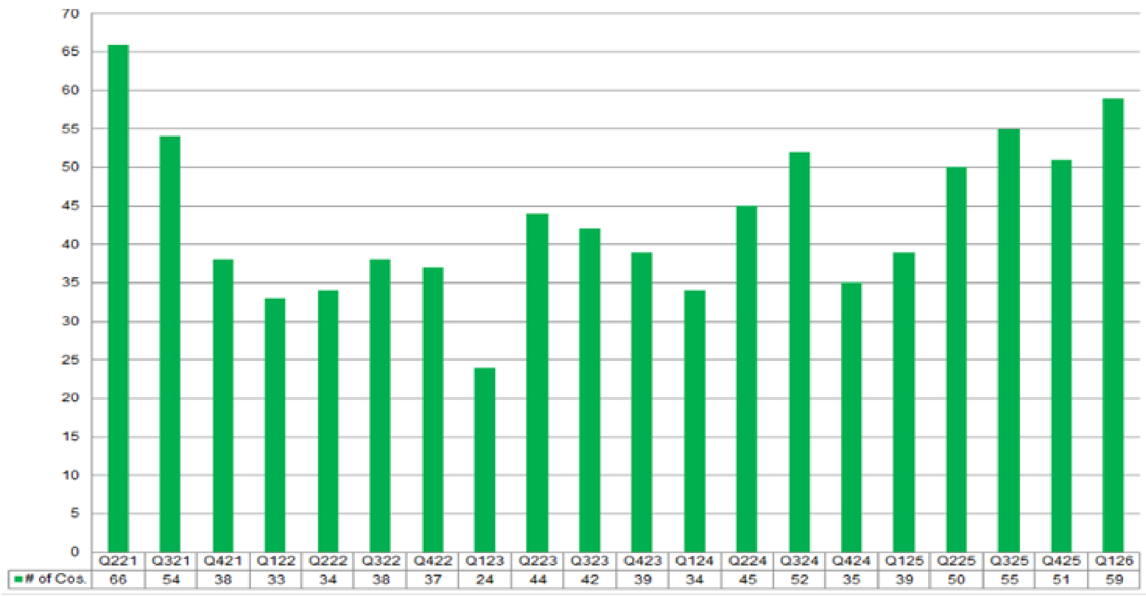
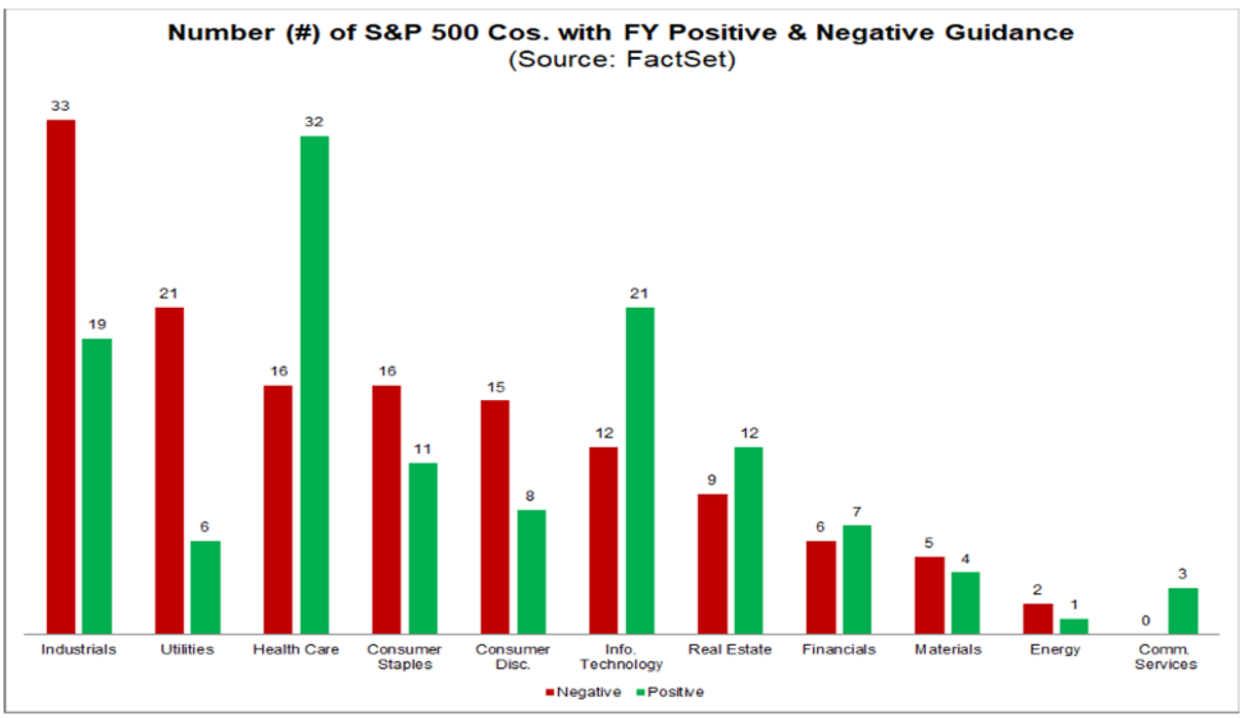
S&P 500 Positive EPS Guidance (# of Cos.): 5-Year



Cos.: companies. Data is as of 03.31.26. Source: FactSet.

FY 2026 / 2027: EPS Guidance



FY: fiscal year. Data is as of 03.31.26. Source: FactSet.

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Equity markets experienced sharp swings and narrative rotations during the quarter, with notable differences in sector performance as seen in the chart below:

Stock Sector Performance

Name	Q1 2026	Q4 2025	1 Year
Basic Materials	10.52	2.55	24.51
Communication Services	−8.14	6.60	31.15
Consumer Cyclical	−9.10	0.39	10.22
Consumer Defensive	7.53	−0.91	4.85
Energy	38.08	1.02	36.28
Financial Services	−9.27	2.50	3.45
Healthcare	−4.88	11.27	3.91
Industrials	6.80	2.09	31.01
Real Estate	1.68	−1.95	2.44
Technology	−9.02	0.73	25.62
Utilities	7.74	−1.35	23.34

Performance in %. Data is as of 03.31.2026. Source: Morningstar Direct.

Energy was among the strongest performing sectors during the period, driven by the surge in oil prices and supply disruptions. Materials, consumer defensive, and industrials also followed with benefits from commodity strength, reshoring trends, and improving manufacturing Purchasing Managers' Index (PMI) data. Technology, especially AI-related/impacted companies, were disrupted by high energy costs and AI/data center narratives wavering. Disruption from newer large language model companies such as OpenAI and Anthropic had broader implications beyond software to services and solutions companies as well. The Energy/Technology performance contrast was one of the strongest sector divergences we've seen in recent years.

Several structural dynamics emerged as well:

- Rotation from growth to hard assets: Energy, commodities, and cyclicals outperformed long-duration growth equities during the quarter.
- Earnings resilience vs. macro fragility: Corporate balance sheets appeared to remain relatively strong despite ongoing macro uncertainty.
- Policy divergence: Central banks faced conflicting mandates (inflation vs. growth).
- Diversification challenges: Traditional 60/40 portfolios seemed to struggle as stocks and bonds fell together.

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1Q26 has challenged market positioning and analyst expectations. What began as a continuation of the soft landing plus AI growth narrative at the beginning of the year quickly evolved into a geopolitically driven inflationary environment. Despite the turbulence, markets displayed some resilience due to strong corporate earnings and balance sheets.

In short, 1Q26 was not just volatile—it marked a transition from liquidity-driven markets to geopolitically constrained markets, a shift which may impact the rest of 2026, in our view. Yet today, we sit within a paradoxical situation: macro conditions have declined, geopolitical concerns are pervasive, yet corporate fundamentals have held up, which may prevent a deeper equity drawdown. Looking ahead, markets appear to remain highly sensitive to the trajectory of geopolitical conflicts, persistence of energy-driven inflation, Fed policy recalibration, and the effects of AI on the labor market.

As we balance the portfolio, we will continue to stick to the Equity Opportunity Group's (EOG's) four pillars as our foundation for investment decision-making: above-market growth, returns on capital, balance sheet strength, and below-market multiples. We continue to believe these factors provide the best chance to optimize client returns while minimizing risk. As always, we remain considerate of your capital.

Quarterly Review

Performance	QTR	YTD	1YR	3YR	5YR	10YR	Since Inception[1]
Sterling (Pure Gross)	-8.56%	-8.56%	13.11%	14.99%	8.42%	11.24%	11.34%
Sterling (Net)	-9.26%	-9.26%	9.84%	11.67%	5.27%	8.01%	8.12%
Russell 3000® Index	-3.96%	-3.96 %	18.09%	17.86%	10.87%	13.72%	8.60%

In the first quarter, the portfolio generated gross returns of -8.56%, and -9.26% net of the maximum fee versus the Russell 3000® Index's -3.96% total return. Our top three contributors and our worst three detractors all came from the Technology sector. It was a tale of two cities, as the threat of AI disintermediation took its toll on certain areas within Technology. However, the continued proliferation of AI infrastructure pushed certain segments of the Technology sector ever higher.

[1]Inception date is 06.30.2004. Data is as of 03.31.2026. The benchmark is the Russell 3000. 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.

Overall, nine of our holdings within the quarter advanced while 28 declined. Six of our holdings advanced by double-digits while 18 declined by double-digits. One stock advanced over 30% in the quarter, while one declined over 30%.

- **Marvell Technology (MRVL)** stock had a strong first quarter of 2026, driven by record fourth quarter fiscal 2025 revenue of $2.22B and a significant 42% YOY surge in annual revenue fueled by robust AI demand in the data center segment. Investor sentiment was further bolstered by a strategic $2B investment and expanded partnership with NVIDIA announced in late March, as well as company management's guidance for fiscal 2027, which anticipates continued acceleration in AI-driven data center growth. Additionally, the company's return to profitability and strong performance in high-bandwidth optical and custom semiconductors may have helped drive the stock higher.

- **Akamai Technologies (AKAM)** stock started the year strong at a 17% year-to-date (YTD) gain by late January. This performance was driven by significant momentum in its cloud infrastructure services (CIS) segment, which grew 45% in the fourth quarter of 2025, and the launch of the Akamai Inference Cloud to handle AI workloads at the edge. Furthermore, market sentiment was bolstered by a massive four-year, $200MM AI inference deal with a major U.S. tech customer and the stabilizing competitive landscape in the company's legacy content delivery business.

- **Coherent Corp. (COHR)** stock experienced a strong move higher in the first quarter of 2026 due to record financial results and surging demand for AI-related networking infrastructure, specifically for 800G and 1.6T transceivers. The company’s performance was further bolstered by significant gross margin expansion and a robust book-to-bill ratio exceeding 4x, which may provide investors with high visibility into sustained revenue growth through fiscal 2027. Additionally, we believe strategic moves to streamline the business, including the divestiture of non-core assets and successful debt refinancing, enhanced the company's profitability and balance sheet strength.

- **ONEOK (OKE)** stock performed well in the first quarter of 2026 as investors embraced a beat and raise narrative driven by upside from high crude oil prices from the Iran conflict. Sentiment was further bolstered by the company's successful integration of the EnLink and Medallion acquisitions which provided substantial synergies and diversified the portfolio into the Permian Basin. Additionally, the market responded positively to company management's conservative 2026 guidance, viewing it as a credible floor that the company may exceed given the prevailing macro backdrop.

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- **John Deere (DE)** had a good first quarter of 2026 after the company reported a significant beat and raise with earnings of $2.42 per share, far exceeding analyst expectations of $2.02. We believe the outperformance was primarily driven by higher than expected shipping volumes in the Small Ag and Turf and Construction and Forestry segments, which led company management to raise its full-year 2026 net income guidance to a range of $4.5B to $5.0B.

Sources: FactSet; Sterling Capital Management Analytics.

- **Microsoft (MSFT)** stock declined over 20% in the first quarter of 2026, driven primarily by investor skepticism regarding the immediate returns on massive AI infrastructure investments and a slowdown in Azure growth due to capacity constraints. Performance was further pressured by rising memory costs that weighed on margins, execution and competition for AI Co-Pilot, and a broader sector-wide rotation into AI hardware stocks.

- **Intuit's (INTU)** stock faced significant pressure in the first quarter of 2026, declining over 30% YTD by late March as the broader application software sector fell out of favor with investors. The underperformance was primarily driven by do-it-yourself AI-vibe coding fears through use of the large language models such as OpenAI's ChatGPT and Anthropic's Claude. These competitive concerns have led to ongoing skepticism regarding potential disruption to the core TurboTax and QuickBooks franchises.

- **Oracle (ORCL)** stock faced a significant decline in early 2026 as investors reacted to a material disclosure of $248B in long-term lease commitments and concerns that AI capital expenditures were not yet producing equivalent near-term revenue growth. The sell-off was further exacerbated by reports that a primary financial backer had withdrawn from a $10B data center project and that completion dates for key facilities dedicated to OpenAI had been pushed back from 2027 to 2028 due to labor and material shortages. While the stock eventually stabilized following a successful $25B debt raise and solid fiscal third-quarter results, the initial quarter was dominated by widespread pessimism regarding Oracle's debt levels and its ability to fund its ambitious AI infrastructure scaling.

- **Apollo Global Management's (APO)** stock experienced a decline to start the year, driven primarily by a significant preliminary alternative net investment income miss of $205MM compared to street expectations of roughly $363MM. Performance was further weighed down by a surge in redemption requests reaching 11% at its non-traded Business Development Company (BDC), forcing the fund to cap repurchases at 5%, alongside specific asset impairments related to the Market Financial Solutions bankruptcy in the U.K. and timing-related headwinds in its retirement services segment. Headlines continue to weigh on the shares of the Private Credit segment of the market.

- **Lennar (LEN)** and the broader homebuilding sector underperformed in the first quarter of 2026 due to persistent macroeconomic headwinds, specifically high mortgage rates above 6% and constrained affordability that led to a 13% YOY revenue decline for Lennar. Profitability was further squeezed as builders aggressively utilized sales incentives, such as mortgage rate buydowns, which compressed gross margins to roughly 15% and caused the company to miss consensus earnings estimates. Worries continue from inflation caused by rising oil prices, which dampened the prospects for significant rate cuts this year. Moreover, incoming Fed Chairman Kevin Warsh has historically expressed that he opposes the Fed buying bonds to facilitate lower long-end rates (also known as quantitative easing (QE)). This and a January 2026 executive order restricting institutional purchases of single-family homes contributed to a weak National Association of Home Builders (NAHB) sentiment index of 38.

Portfolio Changes

We added two new holdings to our portfolio during the first quarter of 2026, including: NOW and VRSK. During the quarter we also sold two of our holdings: BRO and CPRT.

- Purchased in January, **ServiceNow (NOW)** is a leading enterprise software platform that helps organizations automate workflows across IT, customer service, and business operations. The company benefits from strong demand for digital transformation with a highly recurring revenue model and deep integration into customers' daily operations, creating high switching costs and long-term growth visibility. Its expanding product suite and increasing use of AI agents provide additional avenues for sustained growth, in our view. We believe with consistent execution and customer entrenchment, ServiceNow represents a high-quality compounder positioned to benefit enterprises as an AI operating system.

- We added shares of **Verisk Analytics, Inc. (VRSK)** to Special Opportunities portfolios in March. Verisk Analytics is a leading data and analytics provider for the insurance industry, offering essential tools that help insurers price policies, manage claims, and detect fraud. Its competitive strength comes from a massive, proprietary and contributory dataset and deeply embedded software which creates high customer loyalty and steady recurring revenue. While the stock has recently dipped due to temporary factors like mild weather and investor concerns about AI, these issues are viewed as short-term, in our opinion, and not reflective of the company's long-term growth potential. Overall, we believe Verisk is positioned as an industry standard and a high-quality business with strong cash flow, durable advantages, and opportunities to benefit from the ongoing digitization of insurance.

- **Brown & Brown (BRO)** was sold in January. BRO is a diversified insurance brokerage and services firm serving primarily middle-market businesses. The company was initially attractive, in our opinion, due to its strong culture, decentralized structure, and successful acquisition-driven growth strategy. However, growth has recently slowed as insurance pricing softens, storm activity remains low, and comparisons to prior periods become more challenging, leading to weaker than expected results. With rising competition, a recent large acquisition to integrate, and limited near-term outlook from company management, the position was sold in lieu of more favorable investment opportunities.

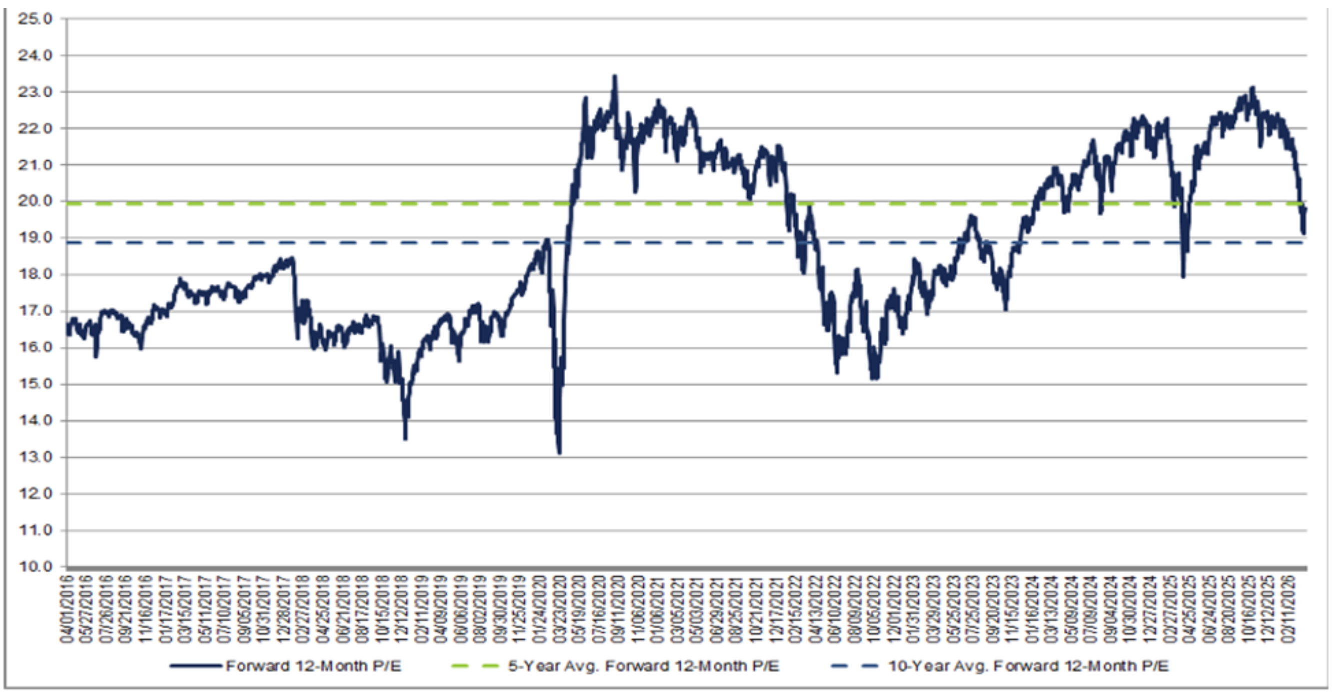
For a full discussion of portfolio changes, please refer to our stock writeups issued in the month after the activity.

- **Copart (CPRT)** is a leading online salvage vehicle auction platform that connects sellers like insurance companies with a global network of buyers, supported by services such as towing, storage, and title processing. CPRT built a strong competitive advantage through its largely owned real estate footprint and a powerful online marketplace that attracts high buyer demand and drives strong pricing. However, recent challenges including fewer insured and more underinsured vehicles, less accident claims, increased competition, rising costs, and difficulties expanding internationally appear to be slowing growth and pressuring margins. Given these headwinds and a valuation that already reflects its past success, the decision was made to exit the position in March.

Outlook

As we began 2026 with markets coming off several years of noticeable market appreciation, we surmised it was entirely reasonable for investors to pause and consider the range of potential outcomes ahead, though we did not predict the first quarter market shock. Yet, post the turbulence of 1Q26, valuations have compressed (forward price-to-earnings (P/E) ~19x, below recent averages), reflecting both risk repricing and earnings growth. Noting the chart below, the market sits below the 5-year average and right about at the 10-year average P/E multiple:

S&P 500 Forward 12-Month P/E Ratio: 10 Years



Data is as of 03.31.2026. Source: FactSet.

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We do believe it's possible that the market could correct further and we have our guards up with respect to additional fallout from economic change, market forces, geopolitical conflict and more. But we are also careful not to assume we know what will happen with these matters. We are not market, economic or political prognosticators. Many of these concerns could be transitory, while some may be structural. It is always important to discern these differences regarding individual positions and the portfolio writ large. Short-lived concerns may lead to long-term opportunities. Permanent change may represent avoidable situations.

Meanwhile, we remain firmly anchored to our long-standing, disciplined investment process in which we carefully evaluate the broad array of forces impacting markets while steadfastly staying the course with our consistent strategy focused on long-term outcomes with below average risk. As a reminder, this process is anchored by EOG's four pillars: above-market profitability, secular and enterprise growth, balance sheet strength, and attractive valuations. We continue to believe this strategy should provide the best possible chances for our risk-adjusted returns to outpace the market.

The chart below compares Special Opportunities' four pillars to the Russell 3000 index. We believe the portfolio remains better positioned by most measures.

	EPS Growth				2027E Multiple		Profitability/Returns		Balance Sheet	
	2025A	2026E	2027E	24-27E CAGR	P/E	FCF Yield	ROE	EBITDA Mgn	Coverage	Leverage
Special Opportunities	18.9%	16.7%	20.9%	17.9%	18.2x	4.4%	34.6%	28.6%	35.1x	1.3x
Russell 3000	13.2%	21.4%	15.8%	16.8%	17.4x	4.8%	8.6%	13.9%	2.6x	2.0x
% Better / Worse vs Bench	43.2%	-22.0%	32.3%	6.7%	4.5%	-8.8%	303.4%	105.3%	1246.6%	(32.7%)

Note: Not all benchmark constituents are covered by sell-side research analysts, nor have forward and/or complete estimates.

As we invest alongside our clients, our primary objective is to make sure our shared investment goals come to fruition over time.

As always, thank you for your confidence and support in the Special Opportunities team.

Dan Morrall
Co-Portfolio Manager

Jim Curtis, CFA®
Co-Portfolio Manager

Data is as of 04.01.2026. Source: Bloomberg L.P. A: average. E: estimate. CAGR: compound annual growth rate. P/E: price-to-earnings. FCF: free cash flow. EBITDA: earnings before interest, taxes, depreciation, and amortization. ROE: return on equity.

Important Information

Disclosures

Past performance is not indicative of future results. Any type of investing involves risk and there are no guarantees that these methods will be successful. Economic charts are provided for illustrative purposes only. The information provided herein is subject to market conditions and is therefore expected to fluctuate.

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Performance is compared to an index, however, the volatility of an index varies greatly. Indices are unmanaged and investments cannot be made directly in an index.

The **Russell 3000® Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000® Index is constructed to provide a comprehensive, unbiased and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are included.

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.

Technical Terms: **Earnings per share (EPS)** is calculated as a company's profit divided by the outstanding shares of its common stock. The resulting number serves as an indicator of a company's profitability. It is common for a company to report EPS that is adjusted for extraordinary items and potential share dilution. The **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 **EBITDA**, or **earnings before interest, taxes, depreciation, and amortization**, measures operating profitability before interest, taxes, depreciation, and amortization. It is calculated by adding interest, taxes, depreciation, and amortization back to net income or operating income. The **compound annual growth rate (CAGR**) is the rate of return that an investment would need to have every year in order to grow from its beginning balance to its ending balance, over a given time interval. The CAGR assumes that any profits were reinvested at the end of each period of the investment’s life span. **The Michigan Consumer Sentiment Index (MCSI)** is a monthly survey of how consumers feel about the economy, personal finances, business conditions, and buying conditions. The University of Michigan conducts the telephone survey. The **price-to-earnings (P/E)** ratio measures a company's share price relative to its earnings per share (EPS). Often called the price or earnings multiple, the P/E ratio helps assess the relative value of a company's stock. **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. **Gross domestic product (GDP)** is the total monetary value of all final goods and services produced within a country's borders in a specific time period, usually a year or quarter. It acts as a comprehensive scorecard of a nation’s economic health. **Free cash flow (FCF)** is the amount of money a company has that exceeds the amount needed to sustain and grow the business. **Quantitative easing (QE**) is an unconventional monetary policy where a central bank purchases large-scale, long-term securities—such as government bonds and mortgage-backed securities—from the open market. By creating new money digitally to buy these assets, central banks increase the money supply, boost bank reserves, lower long-term interest rates, and encourage lending and investment to stimulate economic growth. The **NAHB/Wells Fargo Housing Market Index (HMI)** is a monthly survey that measures U.S. builder sentiment on sales, future prospects, and buyer traffic to assess the health in the single-family home market. (Technical definitions are sourced from Corporate Finance Institute.)

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Sterling Capital Special Opportunities 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	13.92%	10.62%	17.15%	13.60%	12.37%	0.08%	179	$172	$69,234
2024	21.73%	18.23%	23.81%	18.21%	17.56%	0.05%	215	$203	$66,160
2023	25.81%	22.20%	25.96%	18.67%	17.46%	0.12%	245	$189	$66,746
2022	-19.27%	-21.67%	-19.21%	22.54%	21.48%	0.22%	252	$166	$62,842
2021	27.82%	24.16%	25.66%	19.35%	17.94%	Not Calculable	3	$289	$75,309
2020	15.23%	11.89%	20.89%	20.36%	19.41%	Not Calculable	3	$419	$70,108
2019	27.22%	23.57%	31.02%	12.31%	12.21%	Not Calculable	4	$525	$58,191
2018	-3.32%	-6.15%	-5.24%	10.99%	11.18%	Not Calculable	4	$453	$56,889
2017	20.55%	17.09%	21.13%	9.85%	10.09%	Not Calculable	4	$493	$55,908
2016	5.72%	2.64%	12.74%	10.35%	10.88%	Not Calculable	4	$721	$51,603

Benchmark: Russell 3000® Index   Composite Creation Date: 10.16.2014   Inception Date: 01.01.2001

1. Consists of all discretionary separately managed wrap Special Opportunities portfolios. SCM's Special Opportunities equity portfolios invest primarily in companies with the best perceived combination of underlying growth potential and attractive valuation in a concentrated portfolio that has the flexibility to shift among styles.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. "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.
9. 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.
10. The appropriate benchmark is the Russell 3000® Index. The Russell 3000® Index measures the performance of the largest 3,000 U.S. companies, representing approximately 98% of the investable U.S. market. It represents the universe of stocks from which all-cap managers typically select. The index is reconstituted annually. Total return includes price appreciation/depreciation and income as a percent of original investment.
11. 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.
12. 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.