Equity Income SMA Commentary

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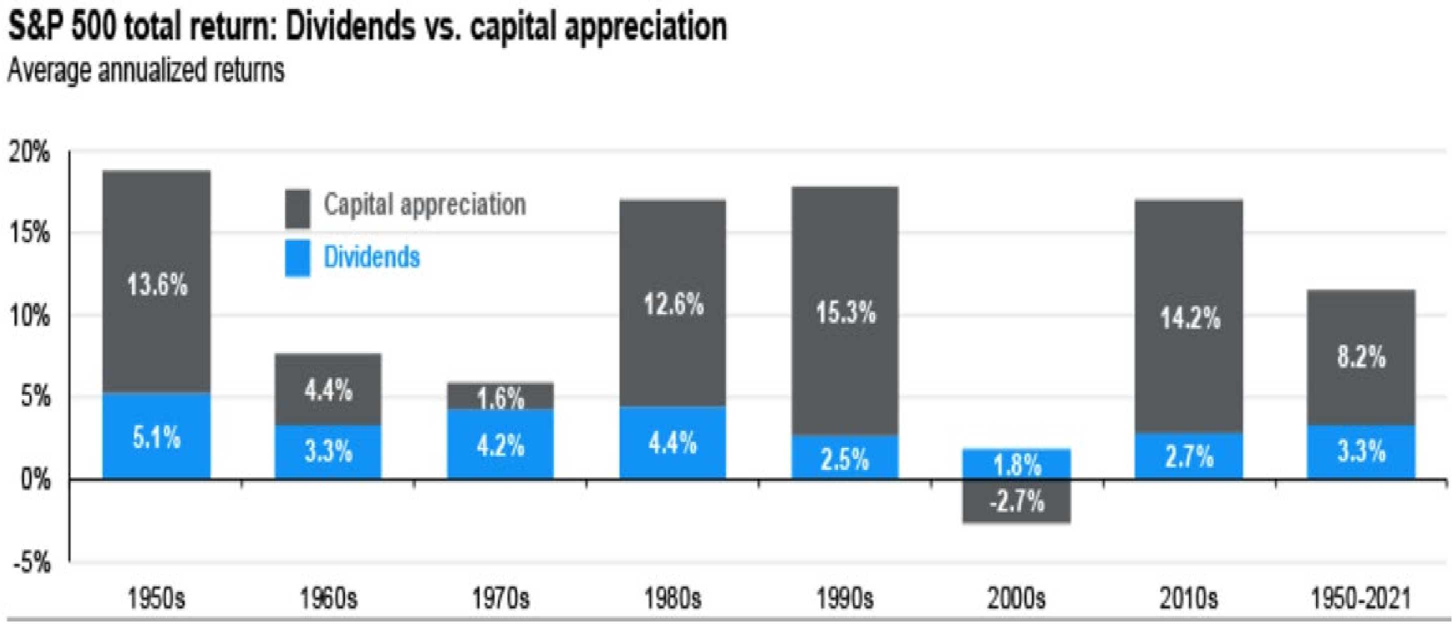
Dividends matter – that's the simple philosophy underlying the Sterling Capital Equity Income portfolio. From 1950-2021, the S&P 500® Index appreciated (price only) at an 8.2% compound rate, while total return (including reinvested dividends) was 11.5% per year. If that 3.3% per-year difference sounds 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.



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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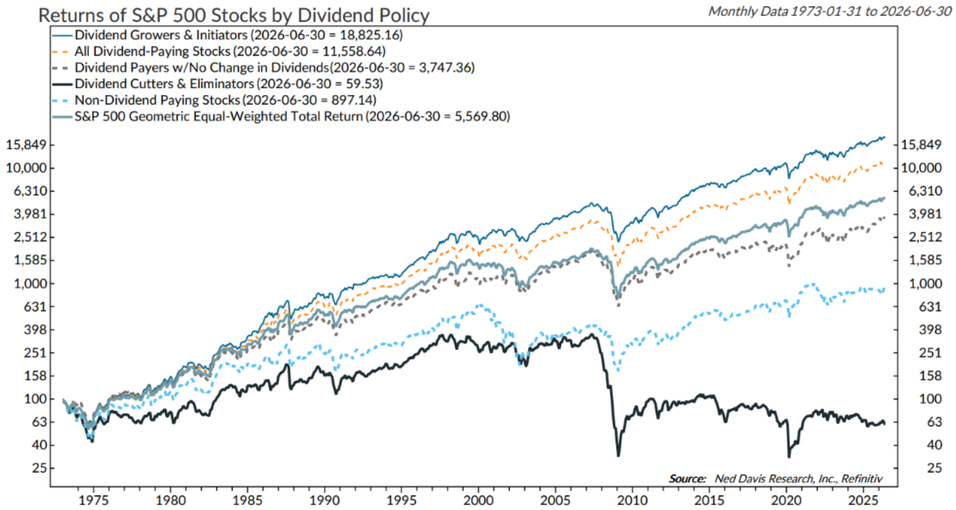

Portfolio Performance Statistics Analysis Dates: 1973-01-31 - 2026-06-30		
Portfolio	Gain/Annum %	Growth of $100
Dividend Growers & Initiators	10.3	18825.2
All Dividend-Paying Stocks	9.3	11558.6
Dividend Payers w/No Change in Dividends	7.0	3747.4
Dividend Cutters & Eliminators	-1.0	59.5
Non-Dividend Paying Stocks	4.2	897.1
S&P 500 Geometric Equal-Weighted Total Return	7.8	5569.8

Returns based on monthly equal-weighted geometric average of total returns of S&P 500 component stocks, with components reconstituted monthly.
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Source: Ned Davis Research.

Quarterly Review

Performance	QTR	YTD	1YR	3YR	5YR	10YR	Since Inception[1]
Sterling (Pure Gross)	6.18%	5.85%	5.95%	8.20%	6.96%	11.08%	9.84%
Sterling (Net)	5.41%	4.31%	2.86%	5.06%	3.86%	7.86%	6.66%
Bloomberg U.S. 1000 Value Index	8.42%	14.70 %	26.20%	17.69%	11.73%	12.00%	8.60%

In 2Q26, the Equity Income strategy returned 6.18% on a gross basis and 5.41% on a net of fee basis, relative to the 8.42% return for the Bloomberg U.S. 1000 Value Index.

[1]Inception date is 12.31.2000. Data is as of 06.30.2026. The benchmark is the Bloomberg U.S. 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: Bloomberg L.P.; eVestment Alliance; Sterling Capital Management Analytics.

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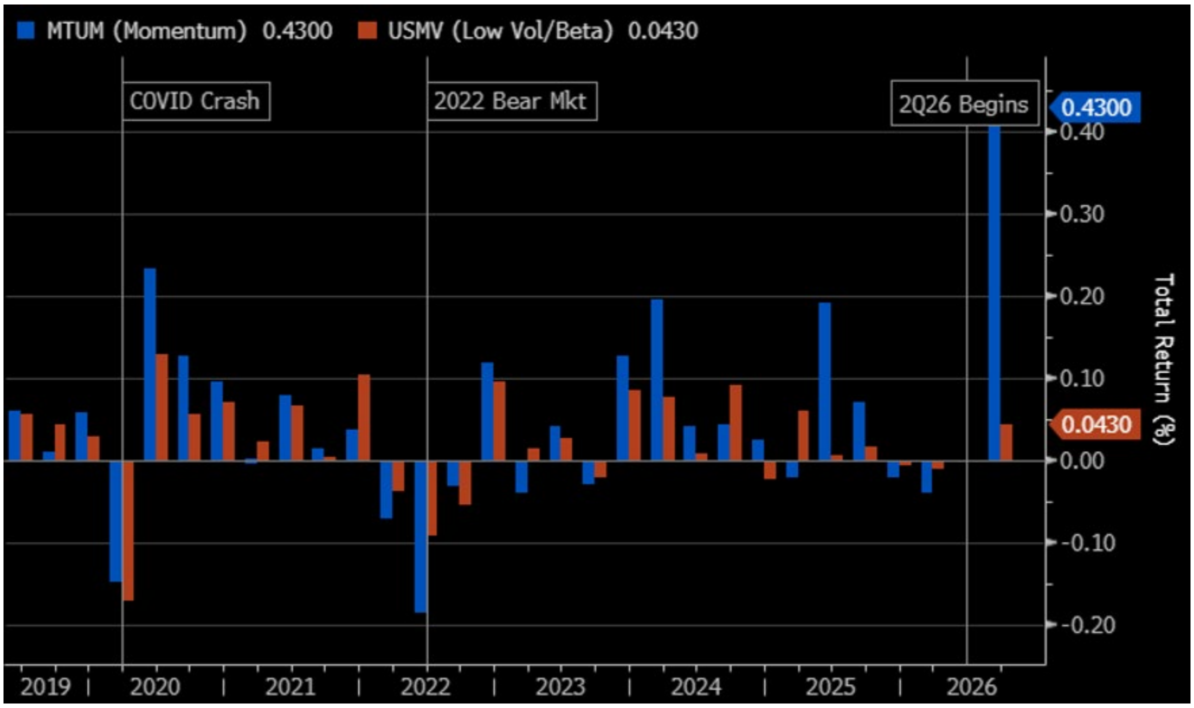
We believe the rebound from the late-February geopolitical correction was followed by a risk-on rally that continued for much of the quarter. For perspective, S&P Global noted that momentum stocks (stocks that have continued to rise after already appreciating) posted their best three-month run into May since 2014.

Quarterly Total Returns: Momentum versus Low Beta



The iShares MSCI USA Momentum Factor ETF (MTUM) seeks to track an index of U.S. stocks exhibiting relatively high price momentum. The fund offers a way to capture trends in the market by investing in companies with strong recent performance. The iShares MSCI USA Min Vol Factor ETF USMV) seeks to track an index that targets U.S. stocks with lower volatility characteristics. The fund offers a way to reduce risk while maintaining equity exposure in a diversified portfolio. Data is as of 06.30.2026. Source: Bloomberg L.P..

On a relative basis, the Equity Income strategy outperformed in the majority of economic sectors this quarter with underperformance concentrated in less than 10% of the benchmark, notably semiconductors and technology hardware. For some perspective on how market concentration has impacted the major benchmarks, just ten stocks in the value benchmark contributed to over 50% of the total return of the benchmark this quarter. Our best contributor this quarter was in the industry group, but our diversified portfolio competed against a narrow group of stocks which included Intel.

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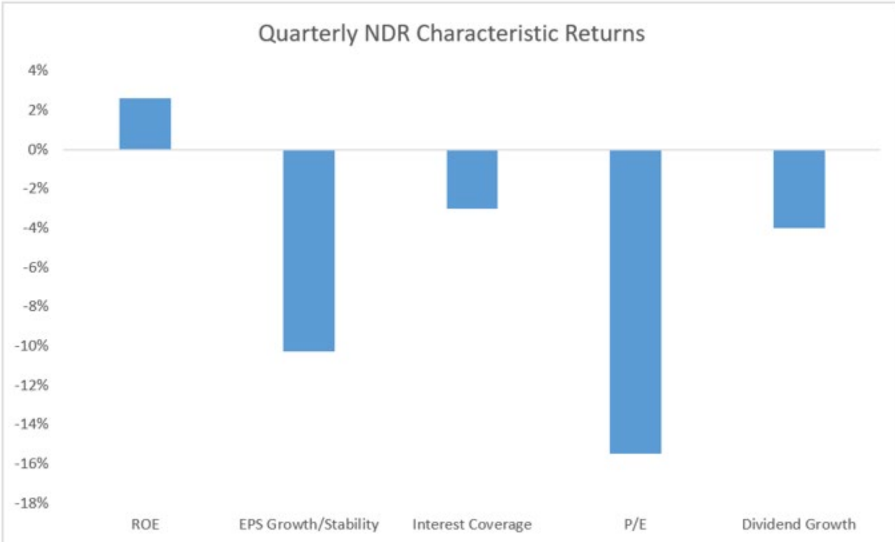
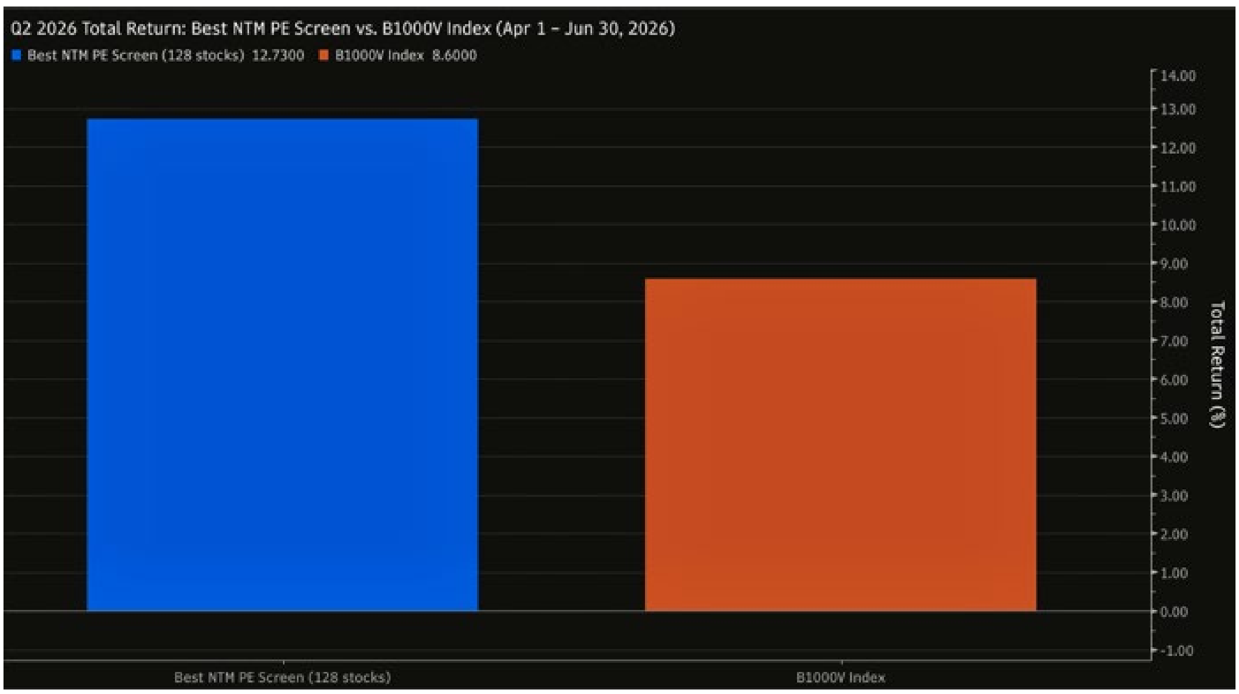


ROE: return on equity. EPS: earnings per share. P/E: price-to-earnings ratio. Source: Ned Davis Research (NDR), 2Q26.

The risk on performance in the quarter was reflected in the performance of our investment pillars in the preceding chart, but one of the unique characteristics of this quarter was also the dramatic underperformance of value. For example, in our benchmark, the most expensive stocks relative to their history (as defined in the next chart) became even more expensive, outperforming the benchmark during the quarter.

2Q26 Total Return for the Most Expensive Benchmark Stocks[1] vs Benchmark



[1]Stocks trading one standard deviation above their 5-year average at the start of quarter. Chart above shows equally-weighted performance of 128 stocks that met criteria as of 03.31.2026 to 06.30.2026. Benchmark = Bloomberg U.S. 1000 Value Index. NTM: Next 12 months. Source: Bloomberg L.P.

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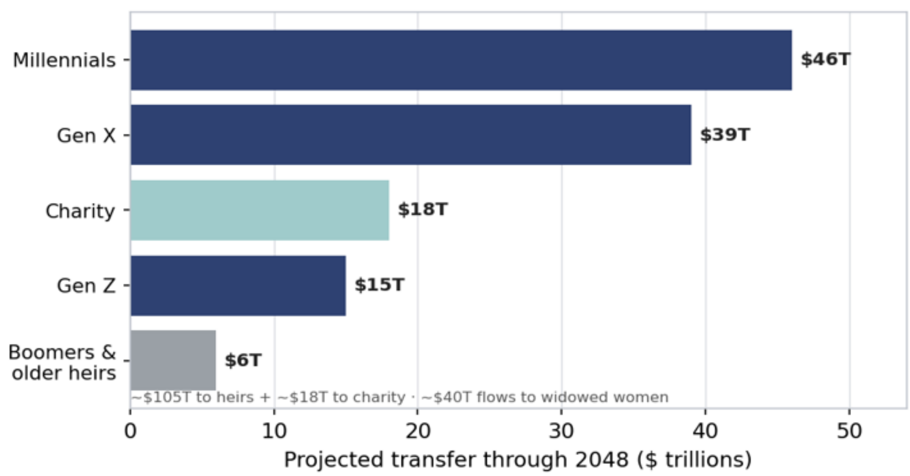
We believe the narrow relative performance driven by less than 10% of the benchmark contrasted with the remainder of the Equity Income portfolio, which outperformed across the majority of sectors this quarter. We feel this is the result of our emphasis on our earnings pillar through our quintiles discipline we discussed in our fourth quarter commentary.

Our diversified approach, in our view, provides both offense and defense through powerful investment themes that we feel are underappreciated and have a margin of safety in valuation as their unique business plans are executed within long-term secular, sustainable themes. Three core themes within the strategy include:

- **Electrification and Power Demand.** S&P Global projects a record $1.3T of U.S. utility capital spending in 2026-2030, creating a durable, multi-year tailwind for regulated utilities and electrical equipment suppliers, and Equity Income has exposure across its utility and industrial exposures.
- **Reindustrialization and Infrastructure Renewal.** Persistent labor shortages keep driving automation, with global industrial robot installations reaching 542,000 units in 2024, more than double the level from a decade earlier. In our view, this is creating a structural tailwind for our additional industrial, materials, and technology exposures.
- **The Great Wealth Transfer and Advice Economy.** Cerulli projects roughly $124T of wealth will transfer through 2048, about $105T to heirs and $18T to charity, with approximately $100T coming from Baby Boomers and older households.

$124 Trillion in Motion Through 2048, by Recipient



Data is as of 12.05.2025. Earlier (2020) estimate was $84T. Figures rounded.
Source: Cerulli Associates, U.S. High-Net-Worth and Ultra High-Net-worth Markets (2024).

We combined our identification of these themes with on-the-ground, fundamental research that seeks to confirm our investment views through unfiltered primary research. The following photos are from our due diligence meetings at two of our wealth management holdings this quarter. We felt that the consistent takeaway from these meetings was the need for trusted professionals to manage the complexities of investment options, planning, and the wealth transfer that is set to take effect.

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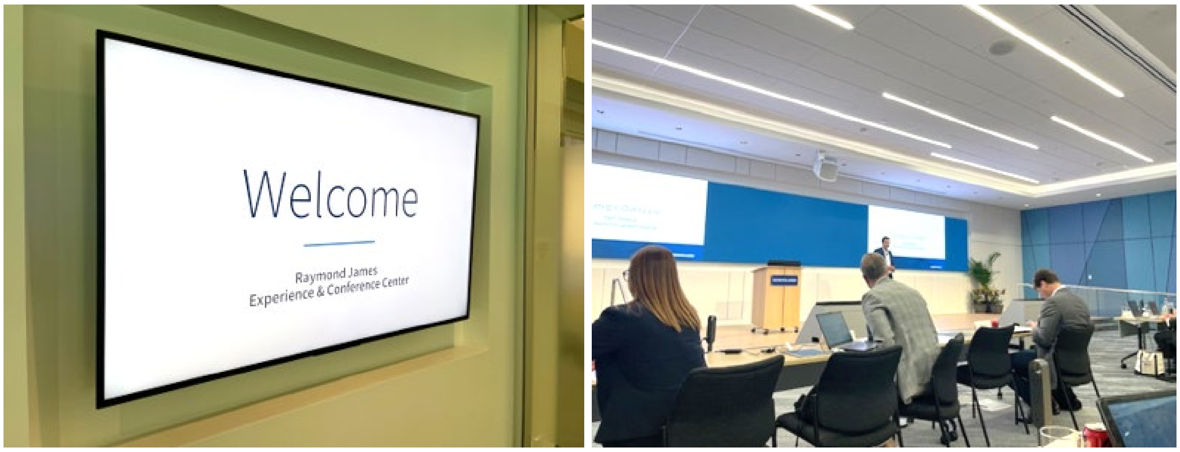

Sources: Raymond James; Sterling Capital Management, 2Q26.

Sources: Charles Schwab; Sterling Capital Management, 2Q26.

The strategy continues to deliver dividend increases this quarter across a variety of sectors as growing earnings and cash flow streams may support higher dividend payments to shareholders. The following chart shows Equity Income holdings that paid higher dividends this quarter than last.

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Equity Income Dividend Increases During the Quarter

Company Name	Dividend Growth Rate
ANALOG DEVICES	11%
AFLAC INC	5%
AMERIPRISE FINAN	6%
DEVON ENERGY CO	33%
METLIFE INC	1%
NASDAQ INC	15%
PEPSICO INC	4%
SOUTHERN CO	3%

Equity Income holdings that increased their dividends in 2Q26, year-over-year increase. Data is as of 06.30.2026. Source: Bloomberg L.P.

2Q26 Attribution

Leading Contributors	Portfolio Weight	Total Return	Gross Contribution to Return
Rockwell Automation, Inc.	3.39%	38.39%	1.11%
Analog Devices, Inc.	4.75%	25.17%	1.08%
Eaton Corp. Plc	3.98%	19.46%	0.71%
D.R. Horton, Inc.	3.05%	19.07%	0.55%
AbbVie, Inc.	3.14%	16.66%	0.52%

Sources: FactSet; Sterling Capital Management Analytics.

Rockwell Automation delivered a strong fiscal 2Q26 with reported sales up 12% and raised its full-year EPS guidance, driven by broadening demand in warehouse automation, data centers, and energy end markets. **Analog Devices** reported record revenue, up 37% year-over-year (YoY) with growth across all end markets, led by industrial and communications while announcing a $1.5B acquisition of Empower Semiconductor to expand its power delivery portfolio for the artificial intelligence (AI) era. **Eaton** posted record sales that exceeded its own guidance, closed strategic acquisitions to deepen its data center and aerospace exposure, and raised its full-year organic growth and earnings guidance. **D.R. Horton's** fiscal 2Q26 results showed net sales orders increasing 11% YoY with EPS beating the market analyst consensus estimate. **AbbVie** announced its acquisition of Apogee Therapeutics, gaining a pipeline of differentiated long-acting immunology assets to support growth in the 2030s and beyond.

Leading Detractors	Portfolio Weight	Total Return	Gross Contribution to Return
PepsiCo, Inc.	3.37%	-11.90%	-0.42%
Domino's Pizza, Inc.	1.20%	-13.55%	-0.32%
Abbott Laboratories	1.38%	-11.07%	-0.17%
Coterra Energy Inc.	0.87%	-7.34%	-0.17%
Motorola Solutions, Inc.	3.96%	-4.02%	-0.17%

Sources: FactSet; Sterling Capital Management Analytics.

Please refer to the Performance Disclosure found on page 14. 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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PepsiCo's portfolio reset is gaining traction with Foods North America posting 2% organic volume growth and adding 300MM incremental consumption occasions in 1Q26, while affirming full-year guidance and announcing its 54th consecutive annual dividend increase. **Domino's Pizza** reported same-store sales up 1% with results reflecting a more modest growth trajectory. **Abbott Laboratories** completed a transformative acquisition to add a cancer diagnostics business, launched two new catheter products, raised its full-year earnings guidance, and secured regulatory clearances for its next-generation coronary imaging software. **Devon Energy** issued its post-Coterra merger outlook projecting 1.38MM barrels of oil equivalent/day production on a disciplined $4.9B capital plan and received an upgrade by a sell-side firm during the quarter. **Motorola Solutions** delivered a record first quarter driven by Software and Services growth, prompting company management to raise both full year 2026 revenue and earnings guidance.

Purchases

Philip Morris (PM) – We believe PM is uniquely positioned to deliver attractive risk-adjusted returns by closing the gap between its current valuation and its true potential as a smoke-free leader. The market seems to be currently missing the impact of upcoming product innovations, in our view. The launch of these innovations may represent significant near-term catalysts that could potentially reaccelerate volume growth and trigger a market re-rating. Furthermore, we believe the company’s operational execution remains top tier. Even while investing heavily in its transition, PM has appeared to maintain the resilience of its core combustible business, using cash flows from brands like Marlboro to fund its future.

Coca-Cola Europacific Partners PLC (CCEP) – CCEP is the largest bottler in the Coca-Cola ecosystem, a high-quality business whose durable competitive advantages are, in our opinion, systematically underappreciated by the market. CCEP manufactures, distributes, and sells Coca-Cola beverages across Western Europe (the U.K., France, Germany, Spain, Benelux, and the Nordics) and the Asia-Pacific region. We believe the core of the opportunity is straightforward. CCEP effectively carries the same pricing power as the Coca-Cola Company itself, thanks to an incidence-based pricing model embedded in its franchise agreements. This alignment of incentives seems to help ensure CCEP has the ability to pass through inflationary cost pressures in a way that many consumer companies may not be able to replicate.

Removals

Domino’s (DPZ) – The company's first quarter of 2026 revealed a sharp deceleration in U.S. same-store sales, coming in well below expectations as we believe macroeconomic pressures, adverse weather, and a notably more competitive promotional environment weighed on results. Delivery same-store sales turned negative in the quarter, which underscores the structural challenge DPZ faces as third-party delivery platforms offer a breadth of options. The resignation of the CEO after our sale appears to have confirmed our concerns.

VICI Properties (VICI) – VICI is a real estate investment trust that owns one of the largest portfolios of gaming, hospitality, entertainment, and leisure properties in the U.S. and Canada, including Las Vegas landmarks such as Caesars Palace, MGM Grand, and the Venetian Resort. Although we were attracted to their properties, we became concerned over their relationship with their primary tenant and the diversification away from gaming. With further diversification and the sale of their primary tenant into a new structure, events since the sale of our small position appear to have confirmed our rationale.

Please refer to the Performance Disclosure found on page 14. 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). For a full discussion of portfolio changes, please refer to our stock writeups issued in the month after the activity.

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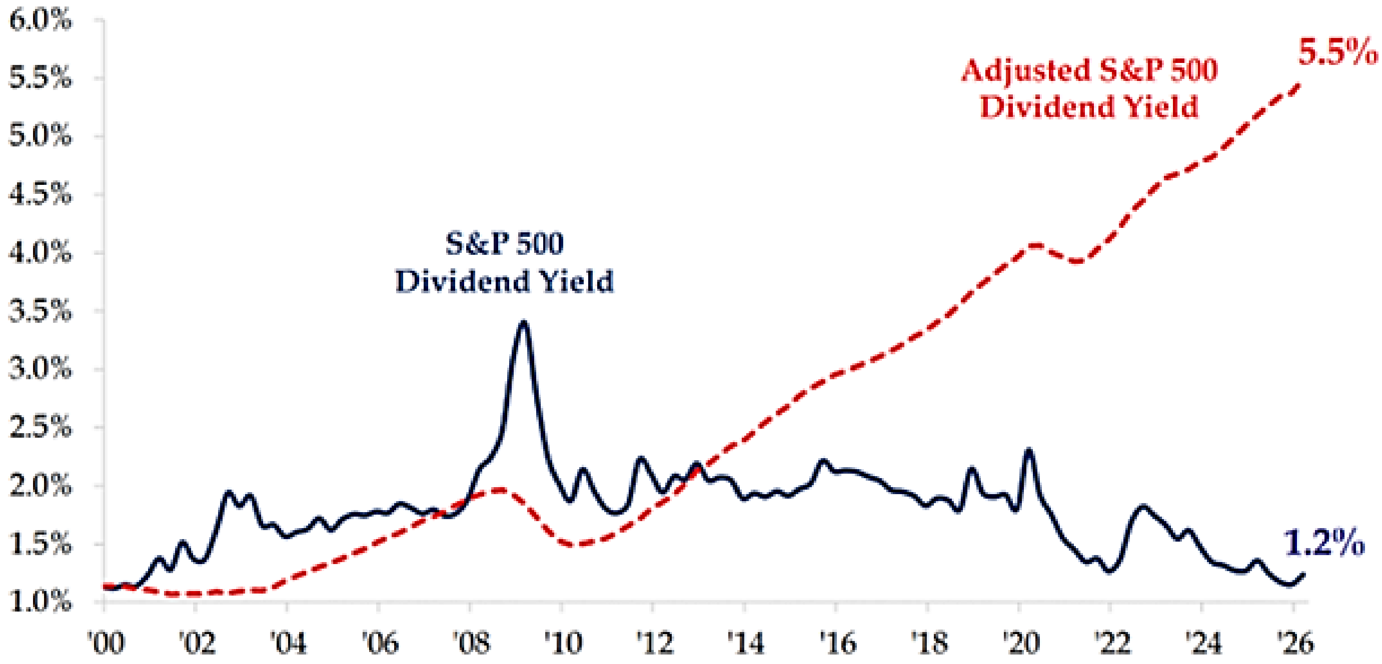
Altria (MO) – We sold our remaining small position to fund our Philip Morris position after Altria re-rated upward since our initial purchase. We believe the diversified product line that Philip Morris offers shows underappreciated growth after our Altria ownership.

Outlook

Coming off what we believe to be an historic quarter for momentum, it is helpful to keep in mind two complimentary benefits to investing in equities: the power of compounding and the benefits of diversification to generate attractive risk-adjusted returns. In the current market, traditional characteristics of classic long-term investing, such as sustainable earnings growth and its byproduct of paying increasingly higher dividends over time, appear to have been pushed into the corner. While dividend yield seems to be in short supply in the current market, the potential benefits of compounding dividends over time remain significant and can be seen in the following graphic.

Current S&P 500 Dividend Yield based on 2000 Cost Basis



Dividend yield is a financial metric that indicates how much a company pays out in dividends each year relative to its current stock price. Expressed as a percentage, it measures the rate of return you earn purely from cash payouts rather than from the stock's growth. Cost basis is the original cost of obtaining an asset. It can include the purchase price and any fees. Data is as of 03.31.2026. Sources: Strategas; S&P Dow Jones Indices.

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

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Like other periods in market history, sectors of the market that have historically demonstrated high returns on capital, strong balance sheets, and earnings stability have seen their relative market capitalizations shrink, possibly due to their advantaged competitive positions. This group now represents the smallest share of the market in its history.

Sum of Defensive Sector Weights in S&P 500

Consumer Staples | Energy | Healthcare | Utilities

Year

Data is as of 05.11.2026. Source: Strategas.

Through our incremental investments this quarter, we see this dynamic as an opportunity. The following chart shows the relative valuation for low volatility stocks that tend to have the characteristics we outlined. As the blue line shows, we believe these stocks typically trade at a premium because of their attractive fundamental characteristics. However, in this market, it appears they are trading at a historic discount. We view the current "opportunity set" of candidates for the Equity Income strategy as robust, meaning we don't have to chase big multiples just because those stocks are moving.

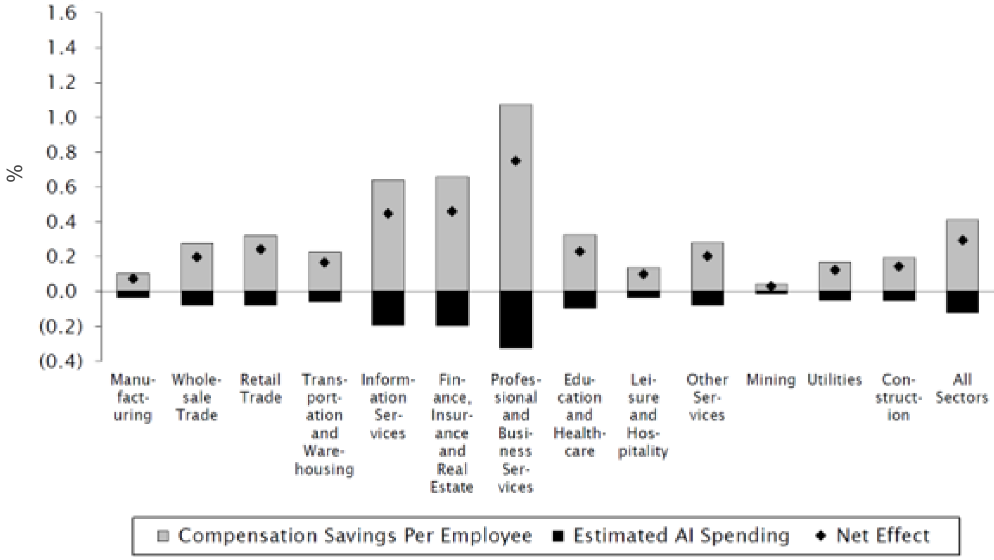
S&P 500 Low Volatility Index vs S&P 500 – P/E Valuation (2011-2026)

Trailing P/E is a financial metric that shows the relationship between a company's current share price and its earnings per share over the past year, providing investors with a retrospective valuation measure. The relative P/E ratio compares a stock's standalone (absolute) P/E ratio to a baseline, such as its historical P/E average, an industry benchmark, or a broader market index like the S&P 500. It helps investors quickly determine if a stock is cheap or expensive relative to its peers or its own trading history. Data is as of 06.25.2026. Source: Bloomberg L.P.

Why are we attracted to these investment opportunities? First, these types of stocks tend to lag during periods when investors seem willing to take price risk over time risk, creating these opportunities. Second, we believe these types of stocks tend to reassert themselves and perform well after periods of risk-seeking behavior. Third, we are constructive on the prospect for long-term productivity gains for companies in the market, and in our research we see those benefits across a wide range of industries, auguring for our diversified investment approach in potential beneficiaries.

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

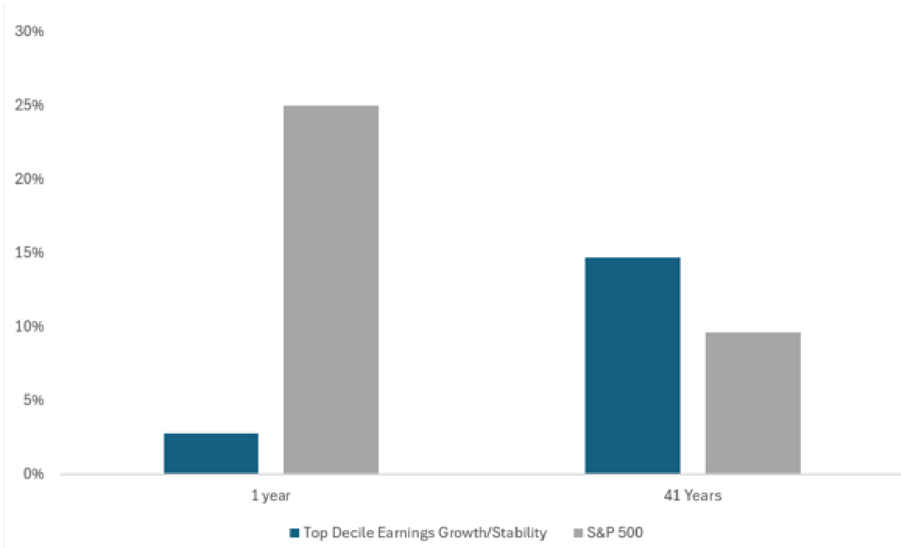
Potential After-Tax Compensation Savings and AI Spending as a Share of Output by Sector



Sources: Erol, M., El, B., Suzgun, M., Yuksekgonul, M., and James Zou, 2025, “Cost of Pass: And Economic Framework for Evaluating Large Language Models, “Working Paper: Massenkoff, M. and Peter McCrory, 2026, “Labor Market Impacts of AI: A New Measure and Early Evidence,” Anthropic; Bureau of Economic Analysis, bureau of Labor Statistics, Anthropic, Empirical Research Partners Estimates.

While strong fundamentals and market positions coupled with the prospects for earnings growth through more efficient operations sound attractive, our rationale for the pursuit of these opportunities lies in their track record for generating outperformance over time. The following chart shows the performance of earnings stability, one of our investment pillars we discussed earlier, its performance over the past year, and its long-term performance pattern. Our constructive outlook is tempered with an awareness of elevated inflation and low unemployment challenging the prospect of lower rates, potentially leaving the door open for a higher fed funds rate, especially with continued strong gross domestic product growth. We also remain mindful of overall valuations that may imply elevated expectations and the current market concentration we discussed previously.

S&P 500 Market Factors Performance Over Time



Weekly data from 01.11.1985 to 06.26.2026. Source: Ned Davis Research.

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In a world where higher valuations may carry a higher risk of the unknowns, we believe Equity Income's strengths are found in its sustainable dividend growth, the increased margin of safety this quarter relative to the benchmark, and its diversification across sectors. Given what appears to be the narrow performance in a slice of the market, Equity Income’s outperformance across the majority of sectors this quarter strengthens our confidence that the focus on the growth pillar is bearing fruit across our diversified portfolio. We believe the combination of maintaining our disciplined process, margin of safety approach, and exposure to secular themes across the portfolio may position Equity Income well going forward.

Thank you for your investment and confidence in us.

Chip Wittmann, CFA®
Co-Portfolio Manager

Jeremy Lopez, CFA®
Co-Portfolio Manager

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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The Bloomberg U.S. 1000 Value Index is a float-adjusted market-cap-weighted benchmark designed to track the top 1000 U.S. companies demonstrating superior value characteristics, including high earnings yield, valuation, dividend yield, and growth.

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.

The S&P 500® Low Volatility Index measures performance of the 100 least volatile stocks in the S&P 500. The index benchmarks low volatility or low variance strategies for the U.S. stock market. Constituents are weighted relative to the inverse of their corresponding volatility, with the least volatile stocks receiving the highest weights.

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. **Gross domestic product (GDP)** is the total monetary or market value of all finished goods and services produced within a country's borders during a specific period. It serves as a comprehensive scorecard of a given nation's economic health. A **momentum stock** is a security whose price is rapidly rising or falling accompanied by high trading volume, with the expectation that the trend will continue in the same direction. **Low-beta stocks**, those with a beta under 1.0, are considered less risky but are unlikely to outperform the market as a whole. (Technical definitions are sourced from Corporate Finance Institute and Investopedia.)

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STERLING CAPITAL

PULSUS UT LIBERA

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%	16.53%	12.12%	12.73%	0.16%	382	$194	$69,234
2024	5.82%	2.75%	13.63%	15.19%	17.08%	0.17%	525	$236	$66,160
2023	13.45%	10.17%	9.37%	15.52%	16.95%	0.13%	478	$277	$66,746
2022	-2.54%	-5.40%	-2.51%	20.20%	22.13%	0.12%	511	$283	$62,842
2021	28.68%	25.00%	28.55%	18.17%	20.00%	Not Calculable	4	$439	$75,309
2020	7.17%	4.05%	-0.16%	18.87%	20.64%	Not Calculable	4	$588	$70,108
2019	25.30%	21.71%	27.28%	11.32%	12.62%	Not Calculable	5	$739	$58,191
2018	-0.26%	-3.18%	-9.49%	11.01%	11.17%	Not Calculable	5	$619	$56,889
2017	20.54%	17.08%	16.28%	9.78%	10.29%	Not Calculable	4	$643	$55,908
2016	15.43%	12.10%	17.68%	10.40%	10.71%	Not Calculable	3	$989	$51,603

Benchmark: Bloomberg U.S. 1000 Value Index   Composite Creation Date: 12.31.2000   Inception Date: 12.31.2000

1. 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.
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 Bloomberg U.S. 1000 Value Index since inception, effective 6/30/2026. The Bloomberg U.S. 1000 Value Index is a float-adjusted market-cap-weighted benchmark designed to track the top 1000 U.S. companies demonstrating superior value characteristics, including high earnings yield, valuation, dividend yield, and growth. Prior to 6/30/2026, the benchmark was the Russell 1000® Value Index.
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.