

Small Cap Value SMA Commentary

2nd Quarter 2026

Investment Objective

The Sterling Capital Small Cap Value SMA seeks long-term capital appreciation. The portfolio employs a value investment approach to invest primarily in common stock of small-capitalization companies (those with market capitalizations that are below the market capitalization of the largest company in the Bloomberg U.S. 2000 Value Index). We believe that undervalued companies with good earnings prospects have superior appreciation potential with reasonable levels of risk. Quantitatively, we focus on a stock's fundamental valuation relative to its peers. Qualitatively, we seek to identify business catalysts which will serve to drive future earnings growth, increase investor interest, and expand valuation.

Performance	QTR	YTD	1Y	3Y	5Y	10Y
Sterling (Gross)	18.11%	25.55%	39.64%	20.94%	12.72%	12.99%
Sterling (Net)	17.29%	23.77%	35.67%	17.46%	9.46%	9.72%
Index	16.83%	22.47 %	40.48%	18.17%	9.00%	11.44%

Key Quarterly Performance Notes

- The portfolio posted a total return of 18.11% (gross of fees) and 17.29% (net of fees) during the three-month period ended 06.30.2026.
- The portfolio outperformed the Bloomberg U.S. 2000[®] Value Index by 128 bps (on a gross basis) and 46 bps (on a net basis) during the quarter.
- **Absolute Performance Drivers:** Within the portfolio, holdings in the Consumer Discretionary, Health Care, Communication Services, Industrials, and Financials sectors performed the best on an absolute basis. Holdings within the Energy, Utilities, Materials, Consumer Staples, Information Technology, and Real Estate sectors lagged.
- **Relative Performance Drivers:** On a sector basis, relative outperformance during the second quarter was driven by positive stock selection within the Consumer Discretionary, Industrials, Consumer Staples, Financial, Health Care, and Communication Services sectors along with positive allocation effect from the portfolio's overweight exposure to the Information Technology and Industrials sectors. Negative stock selection within Information Technology and Real Estate along with negative allocation effect stemming from the portfolio's overweight exposure to the Consumer Staples sector served as a partial offset.

Bps = basis points. The composite inception date is 12.31.2001. Data is as of 06.30.2026. Performance results prior to 08.01.2015 are considered "predecessor performance" and were achieved by the investment team when they were part of the Stratton Management Company. The benchmark is the Bloomberg U.S. 2000 Value Index. Performance is preliminary and is annualized for periods longer than one year. Net of fees performance returns are preliminary and are presented net of the investment management fees and trading expenses. Gross of fees performance returns reflect the deduction of 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. Net returns are calculated by deducting the highest applicable wrap fee of 3.00% annually from the gross composite return. Sources: Bloomberg L.P.; eVestment Alliance; Sterling Capital Management Analytics.

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Market Commentary

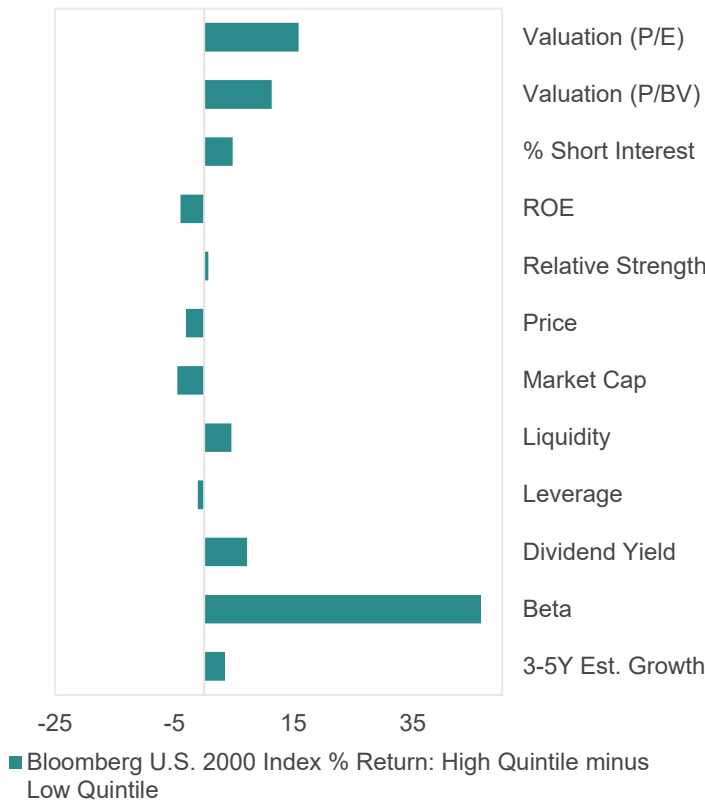
Small Cap Market Review

- Small cap equities, represented by the Bloomberg U.S. 2000 Index, posted a total return of 20.98% in the second quarter. After a subdued start to the year, the market rebounded sharply, driven by a ceasefire agreement between the U.S. and Iran and supported by a renewed rally in artificial intelligence (AI) names. The advance reflected analyst expectations for a sustained data center and power infrastructure buildout to meet accelerating demand for computing power. Energy prices fell back toward pre-conflict levels as the quarter progressed, yet inflation still remained elevated, prompting the Federal Reserve (Fed) to shift its interest rate guidance toward possible rate hikes. The initial rebound was narrow, led by large cap growth, particularly among hyperscalers and semiconductors, but solid corporate earnings broadened participation, extending the advance down the market cap spectrum and into more economically sensitive areas of the market, such as Industrials and Financials. Small caps ultimately outpaced large caps for the quarter, even as leadership remained tilted toward growth.
- Within small cap equities, the Bloomberg U.S. 2000 Growth Index outperformed its Value counterpart by 830 bps, led by technology and AI-related stocks. Factors typically associated with higher-quality stocks underperformed as stocks with higher beta, higher growth, and higher leverage led during the quarter.
- Within the broad small cap benchmark, the Information Technology, Health Care, Industrials, and Communication Services sectors gained the most during the period, while the Energy, Utilities, and Consumer Staples sectors performed the worst in the quarter.

Outlook

- Government policy remains a central focus for small caps, particularly U.S. manufacturing, defense spending, and energy infrastructure. Tariffs and the domestic AI buildout may support demand for domestically produced components and for the power infrastructure that supports them, a dynamic that could benefit smaller, U.S.-focused companies with the majority of revenue generated domestically.
- We see some risk that inflation proves stickier than the reversal in energy prices suggests. Demand for labor and for components tied to the AI, manufacturing, and power buildout could push prices higher across a widening set of goods and services, keeping upward pressure on rates and adding uncertainty to the path for policy.
- With valuations somewhat elevated, we expect earnings growth to be a key driver of equity performance. We continue to seek higher-quality, value equities with above-peer-average earnings and cash flow prospects, and we believe these themes may favor small cap industrials, equipment, and infrastructure names positioned to convert this demand into revenue and margin growth through a potentially volatile period ahead.

Factor Performance:
Small Cap Equity Market



The above chart depicts the performance of the constituents of the Bloomberg U.S. 2000 Index based on relative composite fundamental characteristics. The benchmark for this composite is the Bloomberg U.S. 2000 Index. For illustrative purposes only, characteristics are also shown for the Bloomberg U.S. 2000 Value Index in order to provide additional information on the broader small-cap equity market. For each characteristic, the constituents of the index are sorted and grouped into quintiles. The bar adjacent to each characteristic listed shows the performance of the stocks in the highest quintile relative to the performance of the stocks in the lowest quintile. Terms and definitions can be found on page 4. Source: Bloomberg L.P.



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Performance Attribution Analysis

Top Contributors:

- Garrett Motion
- Moog CI-A
- EnerSys
- MasTec
- United Rentals

Relative Contributors

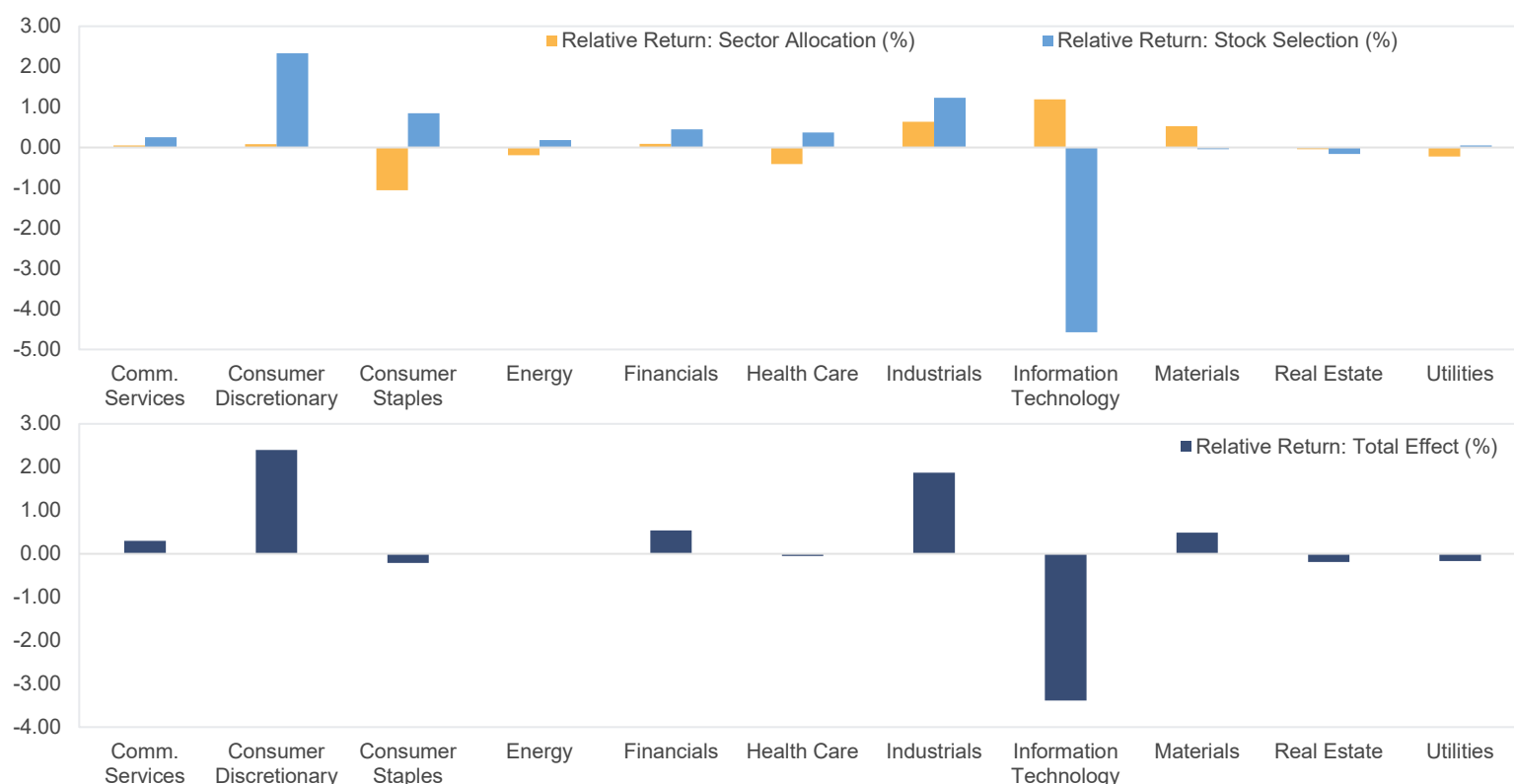
- Positive stock selection within the Consumer Discretionary sector as portfolio holding Garrett Motion outperformed sector peers in the quarter.
- Positive stock selection within the Industrials sector along with positive allocation effect due to the portfolio's overweight exposure to the sector relative to the benchmark.
- Positive stock selection within the Financials sector, led by outperformance from portfolio holdings Affiliated Managers Group, Selective Insurance, and Hanover Insurance.

Bottom Contributors:

- Northern Oil and Gas
- CACI Intl CI-A
- Matador Resources
- Chord Energy
- BJ's Wholesale Club

Relative Detractors

- Negative stock selection within the Information Technology sector with portfolio holdings lagging sector peers during the period.
- Negative allocation effect within the Consumer Staples sector due to the portfolio's overweight exposure relative to the benchmark, which was partially offset by positive stock selection within the sector.
- Negative stock selection within the Real Estate sector due to portfolio holding First Industrial Realty underperforming compared to sector peers.



CI-A = Class A Common Stock. Data is as of 06.30.2026. Sources: FactSet; Sterling Capital Management Analytics. Attribution source: FactSet. Attribution results are shown for illustrative purposes only.

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 preliminary and is annualized for periods longer than one year. Net of fees performance returns are preliminary and are presented net of the investment management fees and trading expenses. Net returns are calculated by deducting the highest applicable wrap fee of 3.00% annually from the gross composite return. Gross of fees performance returns reflect the deduction of 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.

Specific securities identified and described do not represent all of the securities purchased, sold or recommended to clients. There are no assurances that securities identified will be profitable investments. The securities described are neither a recommendation nor a solicitation. Security information is being obtained from resources the firm believes to be accurate, but no warrant is made as to the accuracy or completeness of the information.

Technical Terms: the below technical terms are sourced from Corporate Finance Institute.

Price-to-earnings ratio (P/E ratio) is the ratio for valuing a company that measures its current share price relative to its per-share earnings.

Price-to-book (P/B) ratio is the ratio to the market value of a company's shares (share price) over its book value of equity.

Return on equity (ROE) is the measure of a company's net income divided by its shareholders' equity.

Beta measures the volatility of returns relative to the entire market. It is used as a measure of risk and is an integral part of the capital asset pricing model. A company with a higher beta has greater risk and also greater expected returns.

The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index.

The Bloomberg U.S. 2000 Value Index is a float market-cap-weighted benchmark of the lower 2000 in capitalization of the Bloomberg U.S. 3000 Index that provides exposure to companies with superior value factor scores based on their earnings yield, valuation, dividend yield, and growth.

The Bloomberg U.S. 2000 Growth Index is a float market-capitalization-weighted benchmark that specifically tracks the performance of small-cap United States equities displaying higher growth characteristics.

The Bloomberg U.S. 2000 Index is a float market-cap-weighted benchmark of the lower 2000 in capitalization of the Bloomberg U.S. 3000 Index.

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Sterling Capital Small Cap Value SMA

	Total 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	12.68%	9.42%	8.96%	17.31%	20.43%	Not Calculable	18	\$185	\$69,234
2024	14.75%	11.43%	9.01%	21.42%	24.29%	Not Calculable	2	\$187	\$66,160
2023	18.89%	15.46%	17.93%	20.39%	22.71%	Not Calculable	1	\$261	\$66,746
2022	-13.59%	-16.15%	-11.70%	25.44%	30.70%	Not Calculable	1	\$317	\$62,842
2021	33.29%	29.49%	31.49%	23.05%	28.56%	Not Calculable	1	\$523	\$75,309
2020	2.22%	-0.78%	9.71%	24.31%	29.93%	Not Calculable	1	\$490	\$70,108
2019	25.79%	22.18%	20.92%	14.98%	17.09%	Not Calculable	1	\$975	\$58,191
2018	-13.59%	-16.14%	-16.34%	14.99%	16.97%	Not Calculable	1	\$961	\$56,889
2017	14.37%	11.07%	8.54%	13.00%	15.00%	Not Calculable	1	\$1,184	\$55,908
2016	26.51%	22.88%	31.33%	14.08%	16.16%	Not Calculable	1	\$1,277	\$2,984

Benchmark: Bloomberg U.S. 2000 Value Index

Composite Creation Date: 09.30.2011

Inception Date: 12.31.2001

- Consists of all discretionary separately managed small capitalization equity portfolios managed in the relative value style. SCM's small capitalization equity accounts invest primarily in companies similar to the market capitalization of the Bloomberg U.S. 2000 Index.
- 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. 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 1/1/22, composite returns are calculated by weighting the individual portfolio returns using beginning of period market values. From 8/1/15-1/1/22, composite returns were asset weighted using the average capital base method that reflects both beginning market value and cash flows and uses the aggregate method. Prior to 8/1/15 composite returns were calculated by weighting the individual portfolio returns using beginning of period market values. Performance results prior to 8/1/15 are considered "predecessor performance" and were achieved by the Relative Value Team when they were part of the Stratton Management Company.
- Gross of fees returns are presented before management fees but after all trading costs. Net returns are calculated by deducting the highest applicable wrap fee of 3.00% annually from the gross composite return. Since inception, the composite contains only non-wrap accounts.
- The appropriate benchmark is the Bloomberg U.S. 2000 Value Index since inception, effective 6/30/26. The Bloomberg U.S. 2000 Value Index is a float-adjusted, market-capitalization-weighted benchmark that measures the performance of small-cap U.S. companies exhibiting value characteristics, representing the lower 2000 in capitalization of the broader Bloomberg U.S. 3000 Index. Prior to 6/30/26, the benchmark was the Russell 2000® Value Index.
- 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.