Special Opportunities SMA Commentary

2nd 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

The second quarter of 2026 delivered a powerful rebound in risk assets, reversing much of the volatility that had defined the first quarter's energy shocks and stagflation fears. As the cease-fire between the U.S. and Iran held and fears of prolonged disruption around the Strait of Hormuz faded, oil prices fell sharply, easing one of the market's most pressing inflation concerns. That geopolitical relief, layered on top of steadily improving corporate earnings and continued momentum in artificial intelligence (AI) infrastructure spending, fueled what appears to be one of the strongest quarters for U.S. equities in years. However, we believe the rally was far less uniform beneath the surface than the index level numbers suggest.

Noting the chart below, the S&P 500® Index (SPXT) delivered its strongest quarterly total return in six years, rising 15.2%. The Nasdaq-100 Index (XNDX) total return advanced 27.7% and the Bloomberg U.S. 2000 Total Return Index (B2000T) surged 21.0% as market leadership broadened well beyond mega cap technology. Oil, which had been the primary inflation risk entering the quarter, became a disinflationary relief valve instead. At the height of the conflict, Iranian restrictions on the Strait of Hormuz had cut crude and product flows from roughly 20MM to just over 2MM barrels per day, with Brent crude peaking above $118/barrel during this period. As the cease-fire held and tanker traffic resumed, the oil prices unwound quickly. Brent crude (CO1) fell 29.9% and West Texas Intermediate (WTI CL1) fell 31.5% for the quarter ending June 30, 2026.

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2Q26 Price Performance

	Range 03/31/2026 - 06/30/2026 Period Daily		
	Security	Currency	Price Change
1)	SPXT Index	USD	15.20%
2)	XCMP Index	USD	21.60%
3)	RU20INTR Index	USD	21.49%
4)	B3000T Index	USD	15.71%
5)	CO1 Comdty	USD	-29.86%
6)	CL1 Comdty	USD	-31.45%

XCMP: NASDAQ Composite Total Return Index. RU20INTR: Russell 2000 Total Return Index. B3000T: Bloomberg U.S. 3000 Total Return Indes. Data is as of 06.30.2026. Source: Bloomberg L.P.

Bond markets appeared to remain sensitive to inflation and Federal Reserve (Fed) policy, but the retreat in energy prices helped ease near-term inflation pressure, even as the 10-year Treasury yield held firm near 4.45% as of quarter end.

The macro narrative shifted from a stagflation concern toward a more balanced, if still uncertain, environment. At the Fed, newly installed Chair Kevin Warsh used his first meeting in June to signal a hawkish, low guidance approach. The Federal Open Market Committee (FOMC) held rates steady at 3.50-3.75% while stripping forward guidance from its policy statement, and nine of 18 committee members penciled in at least one hike before year end. The bond market took notice as the 2-year Treasury yield has risen roughly 75 basis points (bps) since late February. The curve has flattened as short rates catch up to a long end that continues to price eventual policy normalization. For equity investors, we believe the message was clear. With policy support seeming unlikely in the near term, the case for owning businesses that can grow earnings independent of the rate path only strengthens, in our view.

Consumers, meanwhile, appeared to remain cautious but showed signs of stabilizing. The University of Michigan's Consumer Sentiment Index (MCSI) rebounded from a record low of 44.8 in May to 49.5 by quarter end as gasoline prices moderated, though the cost of living may remain consumers' top concern.

Beneath the index level rally, company leadership was concentrated and dispersion was significant. Information technology (IT) gained roughly 32% (S&P 500 IT Index) for the quarter and was the only sector overall to outpace the broader market, powered by AI Infrastructure. Storage and memory names were standout beneficiaries. Micron and Sandisk, which are key suppliers of the high-bandwidth memory and flash that hyperscalers need to build out AI data centers, gained roughly 242% and 258% during the quarter, respectively. The Philadelphia Semiconductor Index turned in its best quarterly performance since its 1994 inception, roughly doubling intra-quarter. Healthcare also contributed as select managed care and biopharmaceutical holdings rebounded, while energy lagged as crude prices reversed.

The second quarter challenged the pessimism that seemed evident in 1Q26. What began as a market concerned about geopolitically-driven inflation evolved into a rebound supported by falling oil prices, resilient earnings, and renewed enthusiasm for AI infrastructure, which we feel is a reminder that markets can rotate quickly and strong index level returns can mask meaningful stock level dispersion.

We do not believe this recent improvement removes all risk. Geopolitical outcomes remain uncertain, inflation expectations are still elevated, and valuations have expanded alongside the rally, raising the importance of selectivity from here. The Fed is now appearing less inclined to offer forward guidance, which also means markets may expect more volatility around each policy meeting as investors are left to interpret incoming data with fewer signals from the Fed itself. That said, corporate fundamentals seem to have held up better than expected, and we believe earnings revisions suggest the market may enter the second half of 2026 with more support than seemed likely at the end of March.

Heading into the third quarter, here are a few themes we will be keeping an eye on:

- **Fed policy path:** whether the FOMC’s hawkish dot plot ultimately translates into a rate hike, or whether cooling inflation data allows Chair Warsh's committee to remain on hold.
- **Durability of AI infrastructure capital expenditures (capex):** whether hyperscaler spending continues, how it translates across the market, and what kind of return on investment (ROI) it generates.
- **Oil price stability:** whether the U.S.-Iran cease-fire holds through the second half of the year or if renewed disruption in the Strait of Hormuz reintroduces the inflation risk that dominated the first quarter.
- **Valuation discipline:** with multiples having expanded meaningfully off the March lows, we expect security selection and adherence to our investment discipline to remain paramount, which is grounded in our risk versus reward framework.

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.

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Quarterly Review

Performance	QTR	YTD	1YR	3YR	5YR	10YR	Since Inception[1]
Sterling (Pure Gross)	19.35%	9.13%	20.57%	18.23%	10.83%	13.39%	12.00%
Sterling (Net)	18.51%	7.54%	17.10%	14.82%	7.61%	10.11%	8.76%
Bloomberg U.S. 3000 Index	15.71%	11.11 %	23.15%	20.42%	12.24%	15.07%	9.20%

In the second quarter, the portfolio generated gross returns of 19.35%, and 18.51% net of fees, versus the Bloomberg U.S. 3000 Index's 15.71% total return. Tripling in the quarter, our top performing stock (MRVL) drove over a third of the overall portfolio performance. AI hardware and semiconductors drove significant results while AI disintermediation again took its toll in certain holdings. All but two sectors (Energy and Real Estate) increased in the quarter. Technology overall contributed over half of the overall performance in the quarter. Meanwhile, healthcare was the most additive sector relative to the benchmark, a welcome dynamic to the portfolio's performance. Though a positive contributor on an absolute basis, the Industrials sector was the weakest on a relative basis. Overall, 25 of our holdings within the quarter advanced while 12 declined. 18 of our holdings advanced by double-digits while 4 declined by double-digits. Seven increased by over 30% and one decreased by over 30%. And as mentioned earlier, one stock advanced over 200% in the quarter.

[1]Inception date is 06.30.2004. Data is as of 06.30.2026. The benchmark is the Bloomberg U.S. 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: Bloomberg L.P.; eVestment Alliance; Sterling Capital Management Analytics.

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2Q26 Attribution

Leading Contributors	Portfolio Weight	Total Return	Gross Contribution to Return
Marvell Technology, Inc.	4.74%	200.89%	6.46%
Alphabet Inc. Class C	5.95%	23.25%	1.43%
Coherent Corp.	2.16%	65.60%	1.41%
UnitedHealth Group Inc.	2.94%	54.47%	1.33%
Natera, Inc.	3.61%	35.73%	1.28%

Sources: FactSet; Sterling Capital Management Analytics.

- **Marvell Technology (MRVL)** stock followed a solid 1Q26 with an even better second quarter, once again leading the portfolio. Appreciating over 225% year-to-date through the second quarter, MRVL is among the top ten best performing stocks in the S&P 500 this year. Importantly, this year MRVL was added to the S&P 500 in late June. Meanwhile, data center revenue accelerated again in the most recent quarter, and according to their 1Q26 financial report press release, the company expects each quarter of fiscal 2027 to further accelerate. Marvell also raised its yearly revenue targets again, driven by increasing demand for networking and custom silicon. Last, Marvell closed the acquisitions of both XConn and Celestial, further positioning and potentially bolstering AI-driven infrastructure offerings for the future.

- **Alphabet (GOOG),** formerly known as Google, continued to thrive in 2Q26 as the company appears to execute on most fronts. Almost all segments accelerated last quarter, highlighted by Google Cloud revenue growing over 60% year-over-year (YoY) to $20B, while backlog almost doubled to $0.5T versus the prior quarter. Overall, the top line grew by over 20% and margins expanded by almost 300 bps YoY. We believe Google has broken out as the clear leader in AI at this point among the hyperscalers. Importantly, the company's custom chips, or Tensor Processing Units (TPU), are also helping to drive backlog as Alphabet is now selling significant volume to third parties. Alphabet also increased capex to accelerate AI initiatives.

- Similar to MRVL, **Coherent Corp (COHR)** stock moved higher in 1Q26, and even more so in 2Q26, driven by optical component sales. MRVL is among the top 20 best performing stocks in the S&P 500 this year, up over 110% year-to-date. This is on top of the stock price doubling in 2025. COHR was also added to the S&P 500 in March. Increased demand for AI-related networking infrastructure continues to drive momentum as datacenter and communications revenue grew over 40% YoY, while industrial bookings increased meaningfully, a leading indicator of revenue growth in the upcoming quarters. Lastly, mix and scale are also driving margin expansion, which led to 55% earnings per share (EPS) growth YoY.

- **UnitedHealth (UNH)** bounced back considerably in 2Q26. We believe two key reasons drove the performance. First, post-pandemic medical cost trends appear to be stabilizing after many pandemic-delayed procedures for seniors have been performed. This showed up in UNH's favorable medical cost ratio (MCR) of 83.9% in the most recent quarter, down 90 bps YoY. Also, the Center for Medicare & Medicaid Services (CMS) finalized a more favorable reimbursement rate increase of 2.5% for Medicare Advantage (MA) plans in 2027, up from an initial advanced notice of a 0.1% bump.

- **Natera (NTRA)** rebounded nicely in 2Q26, driven by a strong move in June. We believe two primary reasons drove the late quarter performance. The National Comprehensive Cancer Network announced the recommendation of Signatera for muscle-invasive bladder cancer. Typically, this endorsement dictates forthcoming patient coverage and reimbursement policies from insurance companies. Perhaps most importantly, Natera received a landmark regulatory approval from Japan’s Pharmaceuticals and Medical Devices Agency for its Signatera molecular residual disease test, the first of its kind approved in Japan for colorectal cancer patients. This opens a large market similar in size to the U.S., with a commercial launch before year-end 2026 and prior to sell-side market analyst expectations.

Leading Detractors	Portfolio Weight	Total Return	Gross Contribution to Return
T-Mobile US, Inc.	2.44%	-19.71%	-0.56%
Intuit Inc.	0.98%	-39.44%	-0.49%
HCA Healthcare Inc	1.30%	-17.45%	-0.22%
CACI International Inc	0.84%	-14.82%	-0.14%
Verisk Analytics, Inc.	2.99%	-5.12%	-0.09%

Sources: FactSet; Sterling Capital Management Analytics.

- **T-Mobile (TMUS)** declined during 2Q26 despite strong fundamental performance in net subscriber additions, average revenue per account, and increased guidance in cash flow and net subscriber adds. Typically, sentiment can be volatile with promotional activity, but we see nothing out of the ordinary. We believe the stock pressure came from macro concerns in consumer device spending/plan migrations and sentiment highlighting satellite competition. As TMUS is the only major carrier with growth, we have seen mild compression in growth stocks, possibly due to concerns of interest rates staying higher for longer due to persistent inflation.

- **Intuit's (INTU)** stock faced significant pressure in the second quarter as it did in 1Q26. The broader application software sector continued to fall out of favor due to a challenging competitive narrative for TurboTax from generative AI large language models (LLMs). Market share was lost with low-end tax filers (consumers earning below $50,000) to competition. Moreover, industry tax returns are projected to decline in 2026 for reasons that are unclear to us. After trimming a significant portion of the position from the portfolio during the first quarter, the remainder is still under review by portfolio management.

- **HCA Healthcare (HCA)** missed estimates on earnings before interest, taxes, depreciation, and amortization (EBITDA) in the most recent quarter for a few reasons. Post-pandemic elective procedures stabilization, a weak flu season, Affordable Care Act (ACA) subsidies expiring, and certain costs have remained elevated. Company management lowered guidance accordingly. As labor costs, supply costs, and exchange-driven patient admissions could normalize towards the end of the year, we believe the attractive growth and margin expansion profile may resume. Meanwhile, supplemental payments, nursing school expansion, and AI initiatives may help offset temporal concerns.

- **CACI International (CACI)** was down last quarter despite beating sell-side EBITDA estimates. Bookings were a tad light with a book-to-bill ratio of 0.9x, but backlog and pipeline seem well fortified to support continued long-term growth and margin expansion. Meanwhile, the company closed on the $2.6B acquisition of ARKA, a space-based technology company that provides additional national security and defense capabilities.

- **Verisk (VRSK)** faces similar competitive concerns like the software stocks. The LLM companies such as Anthropic and OpenAI may pose an existential threat to information services companies too, at least according to market sentiment. There may be certain use cases where the LLMs could address what Verisk charges and perhaps move to a lower rate. Yet, the majority of Verisk's value proposition is protected by both proprietary and contributory data. In other words, we believe it would be difficult for the LLMs to replicate the data and insights that Verisk analyzes and provides. Moreover, VRSK is partnering with the same LLMs to support current use cases, so it does not appear to us that the LLMs intend to disrupt. VRSK was delisted from the Nasdaq-100 Index, and AI hardware companies increased penetration in the same index. Despite the selloff from said broad market concerns, company management reaffirmed its full year guidance.

Portfolio Changes

We added two new holdings to our portfolio during 2Q26.

Added in May, **Vistra Corp (VST)** is a leading retail electricity and power generation company that serves approximately five million residential and commercial customers across 18 states. We like Vistra's unique integrated model which pairs power generation assets with a large, stable retail customer base. We believe that Vistra has an expansive opportunity tied to the generational surge in electricity demand driven by the rapid expansion of AI data centers and the broader electrification of the economy. As tech giants race to build massive computing clusters, they require large amounts of reliable, 24/7 carbon-free power, a need that Vistra's nuclear and gas fleet appears to be positioned to fulfill.

Also added in May, **Genuine Parts (GPC)** is a global distributor operating two distinct segments: the Automotive Parts Group, the world's largest network of automotive parts and repair centers known for its NAPA brand, and the Industrial Parts Group (Motion Industries), the largest distributor of industrial componentry in the U.S. We appreciate Elliott Management's activist intention to break the company apart, as we believe the Motion Industries business is a high-quality industrial distributor whose strong operating performance may be masked by the weaker Automotive segment's results. We feel the spinoff of this business could have the potential to unlock value, as its closest peer (Applied Industrial Technologies) trades at a meaningful premium. Post second quarter, NAPA was recently rumored to be targeted for acquisition by market leader O'Reilly Automotive.

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Outlook

After the strong second quarter rally, valuations have expanded from the compressed levels seen at the end of March. Bloomberg data in the chart below indicates that the S&P 500 forward enterprise value (EV)/EBITDA multiple is roughly 14x and the S&P 500 forward price-to-earnings (P/E) ratio is 20x as of June 30, 2026. Both are at the higher end of the range over the last ten years. Also, the data shows that the forward free cash flow (FCF) yield per share is roughly 3.3%, close to the lowest it has been over the last ten years. It is worth noting FCF yield is skewed lower due to the amount of capex going into AI infrastructure buildout. All of these metrics do not necessarily mean the market is broadly overvalued, but we think that it does reduce the margin for error and places greater importance on earnings durability and balance sheet quality.

S&P 500 Forward Multiples

Source: Bloomberg L.P. Data is as of 07.08.2026.

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We believe markets may remain volatile in the second half of 2026. The rebound in equities has been impressive in our view, but geopolitical risk has not disappeared, inflation remains above the Fed's target, and policy may stay restrictive longer than investors had hoped earlier in the year. We are also careful not to assume we know how these factors will evolve, as we are not market, economic, or political prognosticators. In our view, short-lived concerns may lead to long-term opportunities, while permanent change may represent situations best avoided.

Meanwhile, we remain firmly anchored to our long-standing, disciplined investment process, carefully evaluating the broad array of forces impacting markets while steadfastly staying the course with a consistent strategy targeting long-term outperformance 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. The portfolio remains built around companies that we believe can compound value through a range of market environments. We remain mindful that an AI-led rebound can create both opportunities and excesses, which makes adherence to portfolio construction grounded in EOG’s four pillars especially important.

As we invest alongside our clients, our primary objective is to ensure our shared investment goals come to fruition over time. As always, thank you for your confidence and support in the Special Opportunities team.

Jim Curtis, CFA®
Co-Portfolio Manager

Dan Morrall
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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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 **Bloomberg U.S. 3000 Index** measures the performance of the 3000 largest publicly traded companies in the United States. It is a market capitalization-weighted benchmark, meaning larger companies have more weight in the index.

The **Bloomberg U.S. 2000** is a stock market benchmark. It tracks the performance of the lower 2,000 U.S. companies by market size from the Bloomberg US 3000 Index. It is weighted by float market capitalization. This means larger companies in the index have a bigger impact on its overall value.

The **Russell 2000 Total Return Index** tracks the performance of approximately 2,000 small-capitalization U.S. companies.

The **Bloomberg U.S. 3000 Total Return Index** tracks the performance of the 3,000 largest publicly traded companies in the United States.

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® Information Technology (Sector) Top 5 Equal Capped Index measures the equal-weighted performance of the largest five companies by float market capitalization in the S&P 500 Information Technology.

The **NASDAQ Composite Index** is the market capitalization-weighted index of over 2,500 common equities listed on the NASDAQ stock exchange. The types of securities in the index include American depositary receipts, common stocks, real estate investment trusts (REITs) and tracking stocks, as well as limited partnership interests. The index includes all Nasdaq-listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debenture securities.

The **NASDAQ Composite Total Return Index** measures the overall performance of over 3,500 common stocks and securities listed on the Nasdaq Stock Market, while also assuming that all cash dividends are reinvested.

The **NASDAQ 100 Index** comprises the 100 largest nonfinancial companies trading on the Nasdaq exchange, excluding the financial sector.

The **Philadelphis Semiconductor Index (SOX)** is a market-cap-weighted index focusing on 30 leading semiconductor firms, offering insights into the tech market.

Technical Terms: The **Federal Open Market Committee (FOMC)** is the monetary policymaking body of the U.S. Federal Reserve, responsible for setting short-term interest rates and managing the money supply to promote maximum employment and stable prices. **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. **Capital expenditures (CapEx)** are funds companies spend to acquire, upgrade, or maintain long-term physical assets. Earnings per Share (EPS) is a common measure of profitability per share of a company's common stock. **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 **medical cost ratio (MCR)** measures the percentage of insurance premiums used by a health insurer to pay for medical services and healthcare improvements. **EV/EBITDA** is a popular financial valuation metric that compares a company's total value (Enterprise Value) to its core operational earnings. It acts like a "price tag" for each dollar of operational cash generated, allowing investors to easily compare the value of similar companies. **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. The **Forward P/E** ratio values a company by dividing its current stock price by its forecasted earnings for the next 12 months. **Return on investment (ROI)** is a financial metric used to measure the profitability or efficiency of an investment by comparing the net profit generated to the initial cost. **Free cash flow (FCF)** is the amount of money a company has that exceeds the amount needed to sustain and grow the business. (Technical definitions are sourced from Corporate Finance Institute.)

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STERLING CAPITAL

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%	17.21%	13.60%	12.44%	0.08%	179	$172	$69,234
2024	21.73%	18.23%	23.58%	18.21%	17.62%	0.05%	215	$203	$66,160
2023	25.81%	22.20%	26.10%	18.67%	17.52%	0.12%	245	$189	$66,746
2022	-19.27%	-21.67%	-19.62%	22.54%	21.54%	0.22%	252	$166	$62,842
2021	27.82%	24.16%	25.97%	19.35%	17.95%	Not Calculable	3	$289	$75,309
2020	15.23%	11.89%	21.15%	20.36%	19.46%	Not Calculable	3	$419	$70,108
2019	27.22%	23.57%	31.03%	12.31%	12.24%	Not Calculable	4	$525	$58,191
2018	-3.32%	-6.15%	-5.32%	10.99%	11.22%	Not Calculable	4	$453	$56,889
2017	20.55%	17.09%	21.18%	9.85%	10.07%	Not Calculable	4	$493	$55,908
2016	5.72%	2.64%	12.70%	10.35%	10.87%	Not Calculable	4	$721	$51,603

Benchmark: Bloomberg U.S. 3000 Index

Composite Creation Date: 12.31.2000 Inception Date: 12.31.2000

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 Bloomberg U.S. 3000 Index since inception, effective 6/30/2026. The Bloomberg U.S. 3000 Index is a float market-cap-weighted benchmark of the 3000 most highly capitalized U.S. companies. Prior to 6/30/2026, the benchmark was the Russell 3000® 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.