

Focus Equity SMA Commentary

3rd Quarter 2025

Quarterly Review

Performance	QTR	YTD	1YR	3YR	5YR	Since Inception ¹
Sterling (Pure Gross)	3.02%	9.46%	13.94%	21.54%	7.51%	14.93%
Sterling (Net)	2.26%	7.07%	10.65%	18.04%	4.39%	11.61%
Russell 1000 [®] Growth Index	10.51%	17.24 %	25.53%	31.61%	17.58%	18.50%

Performance and Market Update

Focus Equity returned 3.02% gross, 2.26% net for the quarter and 9.46% gross, 7.07% net for year-to-date (YTD).

The Russell 1000[®] Growth Index returned 10.51% for the quarter and 17.24% for YTD.

3Q25 Attribution

Leading Contributors	Portfolio Weight	Total Return	Gross Contribution to Return
Alphabet CI-C	5.20%	37.42%	1.68%
IDEXX Labs	8.33%	19.12%	1.49%
Shopify CI-A	4.70%	28.83%	1.17%
MongoDB CI-A	2.29%	47.81%	0.91%
ASML Holding NV Sp ADR	3.60%	21.07%	0.74%

Sources: FactSet; Sterling Capital Management Analytics.

In our view, Alphabet delivered strong results demonstrating robust artificial intelligence (AI) monetization and cloud infrastructure leadership.² Search revenues grew 12% year over year (y/y), while Cloud accelerated growth to 32% with operating margins expanding to 20.7%. Alphabet processed 980 trillion monthly tokens (2x since May), while AI overviews now serves two billion monthly active users (MAU), driving 10% more queries. Cloud's backlog grew 38% y/y, with deals over \$250MM doubling and new customer additions up 28% sequentially.³ Critically, YouTube Shorts now monetize at equivalent rates to traditional YouTube with continued pricing improvements. CEO Sundar Pichai emphasized the transformative impact ahead, expecting customers to use agentic experiences more broadly in 2026.⁴

¹Inception date is 12.31.2015. Data is as of 09.30.2025. The benchmark is the Russell 1000 Growth. The net of fee performance reflects the deduction of the maximum SMA bundled fee of 3.00% annually for all periods presented. Performance is preliminary and is annualized for periods longer than one year. Net of fees performance returns are presented net of the SMA bundled fee, which includes all charges for trading costs, advisory services, portfolio management, custody and other administrative fees. "Pure" gross of fees performance returns do not reflect the deduction of any fees including trading costs: a client's return will be reduced by the management fees and other expenses it may incur. Investment management fees are described in SCM's Form ADV 2A. Performance reflects the reinvestment of interest income and dividends and realized capital gains. The performance presented represents past performance and is no guarantee of future results. Performance is compared to an index: however, the volatility of an index varies greatly and investments cannot be made directly in an index. Market conditions vary from year to year and can result in a decline in market value due to material market or economic conditions. Please refer to the attached GIPS Composite Report for additional disclosures. Sources: Russell Investments; eVestment Alliance; Sterling Capital Management Analytics.

²Alphabet 2Q25 earnings release.

³Alphabet 2Q25 earnings slides.

⁴Alphabet 2Q25 earnings call.

Please refer to the Performance Disclosure found on page 10.

Please refer to the preceding 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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This positions Alphabet to potentially capture emerging enterprise and consumer AI spending. We see Alphabet's differentiated full-stack AI approach—spanning proprietary Tensor Processing Unit (TPU) infrastructure, state-of-the-art Gemini models, and massive distribution through Search, YouTube, and Cloud—enabling sustained margin expansion while scaling AI capabilities.⁵

IDEXX's revenues grew 11%, including over 7% organic growth in Companion Animal Group (CAG) diagnostics, driven by strong international performance (11% organic growth) and record premium instrument placements of 6,070 units.⁶ Our thesis strengthened around what we believe are three key catalysts. First, IDEXX inVue Dx placements reached 2,388 units in Q2, with company management raising full-year guidance to 5,500 units and over \$60MM in instrument revenue.⁷ CEO Jay Mazelsky noted the feedback from early adopters remains highly positive and that practice consistently highlights the slide-free, intuitive workflow, rapid turnaround time, and diagnostic confidence provided by inVue DX. Second, IDEXX Cancer Dx gained traction with over 2,500 practices adopting the test, including 15% from competitive accounts, demonstrating strong market validation for this early-detection platform that addresses a leading cause of canine mortality. Third, new catalyst tests (Pancreatic Lipase, Cortisol) are driving VetLab consumable growth of 14%, with over 40% of the catalyst-installed base already utilizing Pancreatic Lipase. Combined with strategic commercial expansion across four countries and continued 10% premium instrument-installed base growth, IDEXX's innovation pipeline and operational execution, in our opinion, is positioned for sustained mid-to-high single-digit organic growth despite macro headwinds affecting clinical visits.⁸

We believe **Shopify** delivered results validating its position as a premier long-term compounder. Revenue surged 31% y/y to \$2.7B, with gross merchandise value (GMV) accelerating to 31% growth—driven by 42% international expansion and 29% U.S. growth.⁹ The company achieved this while maintaining a healthy 16% free cash flow (FCF) margin.¹⁰ We think the business demonstrates several durable growth vectors: enterprise adoption is accelerating with marquee wins including Starbucks, Canada Goose, and Burton Snowboards.¹¹ Business to business (B2B) GMV climbed 101% y/y, while offline GMV grew 29%, showcasing successful omnichannel penetration. Company management's AI strategy positions Shopify at the forefront of agentic commerce through innovative products like Catalog, Universal Cart, and Checkout Kit, which are already integrated with Microsoft Copilot. With payment penetration reaching 64%, expanding geographic reach, and a proven ability to attract enterprise customers while maintaining small business roots, we believe Shopify presents compelling long-term value as the essential commerce infrastructure platform serves merchants of all sizes globally.

⁵Google Cloud.

⁶IDEXX 2Q25 earnings release.

⁷IDEXX 2Q25 earnings highlights.

⁸IDEXX 2Q25 earnings call transcript.

⁹Shopify 2Q25 earnings release.

¹⁰Shopify 2Q25 financials statement.

¹¹Shopify 2Q25 earnings call.

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MongoDB delivered strong results, in our view, substantiating our belief that its platform remains the database of choice for modern application development. Atlas revenue accelerated to 29% y/y growth (up from 26% in prior quarter), driven by larger enterprise workloads acquired through the company's upmarket strategy, growing faster and longer than historical patterns.¹² Sequential Atlas dollar-adds exceeded \$40MM, which was among the strongest quarterly performances in recent periods.¹³ The company demonstrated impressive operating leverage, in our view, expanding margins to 15% while raising full-year guidance by \$80MM (nearly 2x the quarterly beat) and increasing operating margin targets. Company management noted that workloads from larger customers grew for longer and expanded more than they had seen in the recent past, highlighting improved customer quality. We think MongoDB's AI positioning represents potentially significant long-term upside.¹⁴ Its native JavaScript Object Notation (JSON) architecture (for storing and transporting data), integrated vector search capabilities, and the strategic Voyage AI acquisition (praised by Anthropic as best-in-class for embeddings) position MongoDB at the gateway of AI application development.¹⁵ CEO Dev Ittycheria explained that whoever controls the embedding layer sits at the gateway of AI. We contend the combination of accelerating consumption trends, margin expansion, and emerging AI tailwinds makes MongoDB a compelling long-term growth investment.

ASML revenue was €7.7B (\$9B), ahead of company management guidance which maintains its full-year outlook for 15% revenue growth to approximately €32.5B (\$37.9B).¹⁶ We view the company's competitive moat as intact as the sole provider of extreme ultraviolet (EUV) lithography systems being essential for cutting-edge semiconductor manufacturing. Several developments reinforce the investment thesis. EUV capacity is expanding 30% in 2025 as customers add capability for AI-driven logic and memory applications, with dynamic random access memory (DRAM) chip manufacturers notably increasing EUV layer adoption on latest nodes.¹⁷ The higher-productivity NXE:3800E tool commands premium pricing while reducing customer unit requirements, improving ASML's revenue quality and margins.¹⁸ The first EXE:5200B high-numerical aperture system shipped this quarter, capable of 175 wafers per hour is a 60% productivity improvement that positions ASML for the next technology inflection.¹⁹ CEO Christophe Fouquet stated there is growing opportunity for product insertion in customer processes due to more data confirming new tool efficacy and return on investment (ROI). While near-term tariff uncertainty clouds 2026 visibility, AI fundamentals remain robust across both logic and memory-end markets, supporting sustained lithography intensity growth. We continue to believe ASML is positioned to benefit from semiconductor industry evolution and AI infrastructure buildout.

¹²MongoDB 2Q25 earnings release.

¹³MongoDB 2Q25 earnings call.

¹⁴MongoDB 2Q25 architecture guide white paper.

¹⁵MongoDB 2Q25 press release.

¹⁶ASML 2Q25 earnings release.

¹⁷ASML 2Q25 earnings call transcript.

¹⁸ASML earnings slides.

¹⁹ASML earnings call transcript.

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Leading Detractors	Portfolio Weight	Total Return	Gross Contribution to Return
Adyen N.V. UnSp ADR	12.05%	-12.32%	-1.62%
Atlassian CI-A	2.87%	-21.36%	-0.69%
S&P Global	8.20%	-7.54%	-0.58%
HubSpot	2.93%	-15.96%	-0.52%
ServiceNow	3.54%	-10.49%	-0.41%

Sources: FactSet; Sterling Capital Management Analytics.

Adyen delivered resilient results despite near-term macro headwinds from tariffs and currency fluctuations. Net revenue reached approximately €1.1B (\$1.3), reflecting 21% constant-currency growth, with earnings before interest, taxes, depreciation, and amortization (EBITDA) margins expanding to 50%.²⁰ The company continues winning meaningful share-of-wallet from existing merchants while adding its largest new customer cohort in recent years, which we feel are both critical indicators of long-term momentum.²¹ Unified Commerce grew 31% and Platforms surged 55%, with the latter now supporting 32 customers processing over €1B (\$1.2B) annually. We believe company management's focus on increasing authorization rates while reducing fraud positions Adyen as an essential partner; two-thirds of new customers immediately adopted the Protect fraud product, demonstrating strong product-market fit.²² Co-CEO Ingo Uytdehaage noted that Adyen continues to increase the share-of-wallet in multiple verticals and geographies. Adyen's single global platform, differentiated by proprietary infrastructure and banking licenses across key markets, enables rapid merchant expansion into new geographies. We feel the company offers a competitive moat that supports durable, multi-year growth despite temporary digital segment softness.

Atlassian's results showed accelerating cloud momentum that reinforced our long-term investment thesis. Cloud revenue grew 26% y/y to \$928MM, driven by robust seat expansion, cross-selling, and data center migration, up 60% annually.²³ The company achieved 120% net revenue retention while signing a record number of \$1MM+ deals, demonstrating strong enterprise traction.²⁴ CEO Mike Cannon-Brookes captured the strategic inflection by noting the momentum came from three major transformations; AI, enterprise, and system of work, which we feel all bear fruit and reinforce each other.²⁵ The recently launched Teamwork Collection enjoyed major wins at Fortune 500 companies while AI adoption surged to 2.3MM users (50% quarterly growth) with token usage up 5x. Company management guided to 20%+ revenue growth through fiscal year (FY)27 with expanding 25% operating margins.

We think Atlassian presents an attractive long-term opportunity as it leverages AI capabilities across its collaborative platform, deepens enterprise penetration, and benefits from ongoing cloud migrations, all while maintaining disciplined profitability expansion. We believe the company's product-led growth model combined with strengthening enterprise sales execution positions it well for sustained outperformance.

²⁰Adyen 2Q25 earnings release.

²¹Adyen 2Q25 shareholder letter.

²²Adyen 2Q25 earnings release.

²³Atlassian 2Q25 earnings release.

²⁴Atlassian 2Q25 shareholder letter.

²⁵Atlassian 2Q25 earnings call transcript.

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S&P Global grew revenue 6% while expanding operating margins.²⁶ The Market Intelligence division demonstrated notable acceleration to 7% organic growth, driven by enhanced sales execution and improved customer engagement under new leadership.²⁷ Net renewal rates increased over one percentage point y/y, reflecting improved product-market fit. The company's private markets initiative showed strong momentum, in our view, with private credit revenue growing as a major driver within the 11% y/y private markets segment expansion.²⁸ Company management emphasized their consistent methodology across public and private markets, stating that consistency across these markets empowers S&P Global to create similar customer value and realize similar economics across the markets.²⁹ We view this as a positive sign given the historic profitability and growth of its publicly issued bond ratings segment. We see strategic investments such as the Chief Client Office initiative generating significant wins targeting 130 strategic accounts, including multimillion-dollar expansions with major financial institutions. With operating margins approaching 50% and strong FCF conversion enabling \$950MM in capital returns during the quarter, S&P Global remains an attractive long-term investment in our view, providing exposure to essential financial market infrastructure and growth.

We viewed **HubSpot's** results as solid with revenue growing 18% y/y and demonstrating robust momentum across key growth vectors.³⁰ The company added 9,700 net new customers, reaching 268,000 total, while calculated billings accelerated nearly 200 basis points (bps) to 20% constant currency growth.³¹ We saw three compelling investment themes emerge: platform consolidation strength (61% of new Pro+ customers land with multiple hubs, up four bps), upmarket momentum (enterprise growth accelerated to 18% despite macro headwinds, with partner co-selling up 29%), and down market velocity (free-to-starter conversions improving from pricing optimization).³² The seats model continues validating with Sales Hub seat upgrades up 71% and Service Hub up 110% y/y. Critically, 25% of Pro+ customers have added core seats, expanding addressable personas beyond traditional sales/service roles into operations and finance, creating durable expansion opportunities.

CEO Yamini Rangan emphasized the breadth of the platform, now with scaled products in marketing, service, and sales, ramping agent adoption and the ability to service customers of all sizes. We agree that these strengths can drive increased commercialization over time. We also acknowledge HubSpot's AI agent strategy may position it advantageously: 4,000+ customers adopted Customer Agent with 55% resolution rates while maintaining patient monetization focused on delivering value first. We believe this balanced approach to seats plus consumption-based credits creates multiple long-term growth levers as AI adoption scales.

²⁶S&P Global 2Q25 earnings release.

²⁷S&P Global 2Q25 earnings call slides.

²⁸S&P Global 1Q25 earnings call.

²⁹S&P Global 2Q25 earnings call slides.

³⁰HubSpot 2Q25 earnings release.

³¹HubSpot 2Q25 investor presentation.

³²HubSpot 2Q25 investor presentation.

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ServiceNow delivered solid results with subscription revenue and current remaining performance obligations (cRPO) growing 21.5%, exceeding guidance while maintaining a robust 98% renewal rate. introduced a new \$1B AI ACV target (up from \$250MM previously), signaling aggressive AI monetization plans.³³ We think the AI market transformation represents a compelling long-term catalyst which is already playing out in financial results.³⁴ Now Assist net new annual contract value (ACV) was strong again in the quarter, with key AI Pro Plus deal count up over 50%.³⁵ Company management closed their largest Now Assist deal to date at over \$20MM and had 21 deals with five or more Now Assist products. CEO Bill McDermott articulated the company's ability to cut through AI hype and leverage the new technology to drive customer value through automation and functional AI agents that are executing real tasks to drive outcomes across business processes. We see the company on track toward \$15B+ subscription revenue for 2026 and \$1B in Now Assist ACV. With operating margins expanding to 29.5% and FCF margin at 16.5%, we believe ServiceNow demonstrates strong financial performance while capitalizing on the large agentic AI opportunity across enterprise workflows.

Portfolio Changes and Diligence Updates

During Q3, we trimmed IDEXX after recent valuation strength and recycled proceeds into bolstering our existing **Synopsys** holding after it experienced selling pressure following quarterly results. Despite the short-term correction, we maintain confidence in Synopsys' medium- and longer-term prospects. We also kept a busy due diligence calendar featuring a variety of management, customer, and industry meetings that, in our view, yielded helpful incremental insights to inform our portfolio investment theses.

We thought **IDEXX's** Investor Day reinforced the healthy outlook for the veterinary diagnostics industry. IDEXX management maintained robust long-term targets of 10%+ organic revenue growth and 15%+ earnings per share (EPS) growth, supported by operating margin expansion of 50-100 bps annually and durable recurring revenue streams (80%+ of total revenue).³⁶ The innovation pipeline represents the strongest cycle since 2008's Catalyst upgrade as CEO Jay Mazelsky emphasized during the event. Cancer Dx is expanding to mast cell tumors and additional canine cancers in 2026, ultimately covering over 50% of canine cancer cases by 2028 within a \$2.5 billion oncology market. With 3,400 practices enrolled (up from 2,500 at quarter-end) and 79% sensitivity with 99%+ specificity, adoption is accelerating. Company management data shows 65-80% of pet parents are likely to approve cancer screening. The inVue Dx platform adds fine needle aspiration capabilities for "lumps and bumps" this year, targeting 5,500 placements by year-end.³⁷ Each placement generates \$3,500-5,500 in annual high-margin consumables, with 20,000 units targeted over five years—potentially contributing \$90MM+ in recurring revenue.

³³ServiceNow 2Q25 earnings release.

³⁴ServiceNow 2Q25 earnings call.

³⁵ServiceNow 2Q25 investor presentation.

³⁶IDEXX 2Q25 investor presentation.

³⁷IDEXX 2Q25 earnings call transcript.

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Company management unveiled MultiCue Dx, representing a 90,000-unit placement opportunity and expanding total addressable instrument placements to 410,000 from 330,000. Despite near-term visit headwinds, long-term demographics remain favorable, in our view. Pets are living 1.8-2.2 years longer since 2010, millennials and Gen Z now represent over 50% of pet owners (versus 41% in 2018), and diagnostic spend increases significantly as pets age (from \$55 for puppies/kittens to \$190 for geriatric pets).

At **MongoDB's** Investor Day, company management unveiled three- to five-year targets that we believe provide a solid baseline with meaningful upside optionality: sustaining Atlas growth above 20%, expanding operating margins by 100-200 bps annually toward 20%+, and achieving 80%+ FCF conversion.³⁸ These targets may translate to high-teens revenue growth and approximately 30% annual FCF growth, making for an attractive profile for a scaled software compounder in our opinion. The event highlighted several catalysts. The Application Modernization Platform (AMP) represents a step-change from prior migration tools, combining AI-powered automation with forward-deployed engineers to accelerate legacy Oracle and Java workload conversions at two to three times faster speeds.³⁹ CFO Mike Berry emphasized the long-term targets represent a base case that company management views as realistic and achievable, and that potential upside to the model exists, likely from improving sales productivity, larger strategic deals, and potential AI acceleration. MongoDB's document model architecture provides natural advantages for AI applications, including flexible schema, native JSON support and integrated vector search, embedding, and reranking capabilities within a unified platform. Customer survey data showed 73% expecting increased MongoDB spend, with 61% projecting higher consumption from vector database adoption. Company management's commentary on large language model-directed customer acquisition (10% of Atlas registrations) and investments in Bay Area developer mindshare position MongoDB to capture AI-native workload growth as startups scale beyond initial PostgreSQL implementations. Several case studies presented during the event illustrated how MongoDB is helping customers cut costs while Atlas helps data compression, which also makes client budget-spend more efficient. With consumption trends strengthening, margin expansion visibility, and multiple growth vectors (core workloads, AI, AMP), we believe MongoDB offers durable growth underpinned by technology differentiation in an expanding total addressable market (TAM).

HubSpot's Analyst Day provided tangible evidence that the company's business is inflecting positively, in our view, after navigating the software spending downturn. The most significant disclosure was that net new annual recurring revenue (ARR) growth accelerated to 25% y/y in the first half of 2025, a marked improvement from negative growth rates seen through mid-2024.⁴⁰ We believe this leading indicator suggests revenue growth, currently at 18% in constant currency, has room to reaccelerate in coming quarters. Company management unveiled "The Loop," an innovative marketing framework designed to help customers navigate the transition from traditional search engine optimization to what they call "AI Engine Optimization".⁴¹ We think this positions HubSpot ahead of competitors in addressing how generative AI is fundamentally changing the top of the marketing funnel, transforming the company from a point solution into an essential strategic partner.

³⁸MongoDB 2Q25 investor presentation.

³⁹MongoDB 2Q25 investor presentation video.

⁴⁰HubSpot analyst presentation.

⁴¹HubSpot marketing website.

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The upmarket momentum remains strong, with customers spending over \$5,000 in monthly recurring revenue growing 37% y/y, and 90% of new upmarket deals now involve multiple hubs rather than single products. The Core Seat offering, launched last year, has already scaled to \$100MM in ARR and improved paid seat penetration from 20% to 60% under the new pricing model. We think early results from the AI credits consumption model show promise. Company management shared case studies where customers increased spending by 10% to 80% even while holding headcount flat or slightly reducing seat counts, demonstrating that the company has successfully created new monetization vectors beyond traditional seat-based expansion.

Thanks for your trust and investment in us.

Colin Ducharme

Colin Ducharme, CFA®
Portfolio Manager

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September 30, 2025 Positions⁴²

ADYEV	11.2%
IDXX	7.9%
SPGI	7.4%
MSFT	7.1%
CSGP	7.0%
GOOG	6.0%
AMZN	5.3%
SHOP	5.1%
VEEV	5.0%
ASML	4.4%
SNPS	4.1%
NOW	3.6%
TOELY	3.5%
CDNS	3.4%
WDAY	3.3%
MSCI	3.3%
MDB	2.8%
HUBS	2.7%
TEAM	2.5%
ODFL	2.0%
SAIA	1.9%
CASH	0.5%
Top 5 Total	40.6%
Top 10 Total	66.4%
Top 15 Total	84.3%
Top 20 Total	97.6%

⁴²Representative Account. Holdings note: The weightings for your account may differ somewhat from the figures above due to variations in account holdings, trade timing, and other client-specific circumstances. For illustrative purposes only. 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.

Important Information

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

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

Technical Terms: **Current Remaining Performance Obligation (cRPO)** is a SaaS metric that measures the portion of a company's RPO that is expected to be recognized as revenue within the next 12 months. RPO is the total of a company's future performance obligations, which includes deferred revenue and backlog. **DRAM (dynamic random access memory)** is a type of semiconductor memory that is typically used for the data or program code needed by a computer processor to function. DRAM is a common type of random access memory (RAM) that is used in PCs, workstations and servers. **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. **Return on investment (ROI)** or return on investment, is a profitability metric that measures an investment's performance by comparing the net profit or loss to its cost. **EBITDA**, short for earnings before interest, taxes, depreciation, and amortization, is an alternate measure of profitability to net income. It's used to assess a company's profitability and financial performance. **Free cash flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets. **Gross merchandise value (GMV)** is the total value of merchandise that's sold over a given period through a customer-to-customer (C2C) exchange site. It's a measurement of the growth of the business or the use of the site to sell merchandise owned by others. **Monthly Recurring Revenue (MRR)** is a key performance indicator that measures the predictable, recurring revenue a business can expect to receive from its customers each month. **Annual Recurring Revenue (ARR)** is the yearly value of predictable, recurring revenue from subscriptions and contracts, excluding one-time fees. **Net revenue retention (NRR)** is a key performance indicator, particularly for SaaS businesses, that measures how well a company retains and grows revenue from its existing customer base over a specific period. **Total Addressable Market (TAM)**, also referred to as total available market, is the overall revenue opportunity that is available for a product or service if 100% market share is achieved. (Technical definitions are sourced from Corporate Finance Institute.)

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Sterling Capital Focus Equity 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)
2024	7.64%	4.51%	33.36%	26.43%	20.33%	0.08%	50	\$16	\$66,160
2023	44.12%	40.03%	42.68%	25.90%	20.51%	0.32%	80	\$27	\$66,746
2022	-33.73%	-35.74%	-29.14%	25.94%	23.47%	0.31%	104	\$25	\$62,842
2021	16.35%	12.99%	27.60%	20.02%	18.17%	0.36%	238	\$111	\$75,309
2020	36.48%	32.58%	38.49%	20.88%	19.64%	1.01%	251	\$104	\$70,108
2019	43.06%	39.00%	36.39%	13.72%	13.07%	0.67%	151	\$35	\$58,191
2018	4.19%	1.15%	-1.51%	13.77%	12.13%	Not Calculable	36	\$5	\$56,889
2017	29.91%	26.20%	30.21%	< 3 Years	< 3 Years	Not Calculable	5	\$1	\$55,908
2016	12.24%	8.99%	7.08%	< 3 Years	< 3 Years	Not Calculable	4	\$0	\$51,603

Benchmark: Russell 1000® Growth Index

Composite Creation Date: 08.03.2018

Inception Date: 01.01.2016

- Consists of all discretionary separately managed wrap Focus portfolios. SCM's Focus portfolio investments are flexible and may span growth and value, large- and small-capitalization companies, and various capital forms including equity, debt, and derivatives. The strategy seeks positions featuring sustainable, multi-year return profiles underpinned by businesses perceived to possess attractive financial returns, visible reinvestment opportunities, and talented management.
- The material risks of this strategy are, but 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 to 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 SunTrustBanks, 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.
- The performance presented represents past performance and is no guarantee of future results. Market and economic conditions vary from year to year and can result in a decline in market value due to material market or economic conditions. Please refer to the slide titled "Performance" for the one-, five-, and ten-year returns of the composite.
- A complete list of all of SCM's composites and SCM's broad distribution pooled funds and their descriptions is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Composite Reports are available upon request.
- Performance reflects reinvested interest income and dividends and realized and unrealized capital gains and losses. All portfolios utilize trade-date and accrued income accounting. Valuations and performance are reported in U.S. dollars. Periodic time weighted returns are geometrically linked. Returns are not calculated net of non-reclaimable withholding taxes due to immaterial dollar amounts. Effective 9/1/18 composite returns are asset weighted using the beginning market value and time weighted return of the portfolios. Prior to 9/1/18, composite returns were asset weighted using the aggregate method that reflects both beginning market value and cash flows.
- "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. Prior to 8/31/18, gross of fees returns reflect the deduction of trading costs. Effective 9/1/18, "pure" gross of fees returns do not reflect the deduction of any fees including trading costs. The SMA fee includes all charges for trading costs, portfolio management, custody, administrative fees, and foreign withholding taxes. The maximum SMA or bundled external platform fee is 2.52% annually and includes SCM's actual management fee of 0.32%. SCM's actual management fees are 0.32% annually. From 12/31/15 to 8/31/18 the composite was comprised 100% of separate accounts. As of 9/1/18 the composite has been comprised 100% of wrap fee portfolios.
- Effective 1/1/22, portfolios are removed from the composite for flows 10% or greater of prior month portfolio market value. Portfolio remains out of the composite for the month of the flow and for one additional period. Prior to 1/1/22, portfolios were not removed from the composite for flows.
- Effective 3/31/20, the appropriate benchmark was changed retroactively to inception from the Russell 3000® Index to the Russell 1000® Growth Index. The Russell 1000® Growth Index measures the performance of the large cap growth segment of the U.S. equity universe. It includes those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values. The index is reconstituted annually. Total return includes price appreciation/depreciation and income as a percent of original investment.
- The annual composite dispersion presented is measured by an asset-weighted standard deviation calculation method of all portfolios in the composite for the entire year, and is calculated using gross of fee returns. It is not meaningful when there have been less than six portfolios in composite for entire calendar year. The three 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.