

# Special Opportunities SMA Commentary

3rd Quarter 2025

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

We found that the third quarter of 2025 flashed a little bit of everything, from optimism to pessimism. We saw the first fed funds rate cut in 2025, with two more expected this year by the Federal Reserve (Fed).

Meanwhile, post the Federal Open Market Committee (FOMC) meeting in mid-September, we believe the FOMC still seems relatively optimistic in the long run, noting forecasts of declining fed funds rates as well as unemployment rates and inflation, while gross domestic product (GDP) remains stable.



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## Economic Projections of Federal Reserve Board Members and Federal Reserve Bank Presidents

(Under their individual assumptions of projected appropriate monetary policy, September 2025)

| Variable                                | Median <sup>1</sup> |      |      |      |            |
|-----------------------------------------|---------------------|------|------|------|------------|
|                                         | 2025                | 2026 | 2027 | 2028 | Longer run |
| Change in real GDP                      | 1.6                 | 1.8  | 1.9  | 1.8  | 1.8        |
| June projection                         | 1.4                 | 1.6  | 1.8  |      | 1.8        |
| Unemployment rate                       | 4.5                 | 4.4  | 4.3  | 4.2  | 4.2        |
| June projection                         | 4.5                 | 4.5  | 4.4  |      | 4.2        |
| PCE inflation                           | 3.0                 | 2.6  | 2.1  | 2.0  | 2.0        |
| June projection                         | 3.0                 | 2.4  | 2.1  |      | 2.0        |
| Core PCE inflation <sup>2</sup>         | 3.1                 | 2.6  | 2.1  | 2.0  |            |
| June projection                         | 3.1                 | 2.4  | 2.1  |      |            |
| Memo: Projected appropriate policy path |                     |      |      |      |            |
| Federal funds rate                      | 3.6                 | 3.4  | 3.1  | 3.1  | 3.0        |
| June projection                         | 3.9                 | 3.6  | 3.4  |      | 3.0        |

1. For each period, the median is the middle projection when the projections are arranged from lowest to highest. When the number of projections is even, the median is the average of the two middle projections. PCE = personal consumption expenditure.

2. Longer-run projections for core PCE inflation are not collected. Source: FOMC. Data is as of 09.17.2025.

Persistent growth in artificial intelligence (AI) as hyperscaler capital expenditures (CapEx) marches higher could also be perceived negatively as AI may allow for job replacement and hiring to slow down. Yet we believe corporate earnings may rise as labor costs subside because certain operations and functions may be automated. Moreover, we also believe many AI infrastructure companies have solid near- to mid-term prospects. Additionally, the eventual shift from AI training to inferencing may spur plenty of additional growth trends such as robotics and precision medicine, for example. Over 80% of S&P 500® Index companies beat second quarter estimates while broadly speaking optimism seemed to be persistent across many of our earnings calls, market translations, and follow-up meetings. As positioned in our last quarterly commentary, broader market participation occurred as small cap stocks staged a rally.

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Noting the chart below, the Russell 2000® Index appreciated 12% in 3Q25.

## 3Q25 S&P 500 Performance – 92 Days



Source: Bloomberg L.P. Data is as of 10.01.2025.

As depicted below, broader market participation has been lacking in recent years as mega-cap concentration has dominated index returns.

## S&P 500 Performance – 120 Months



Source: Bloomberg L.P. Data is as of 10.01.2025.

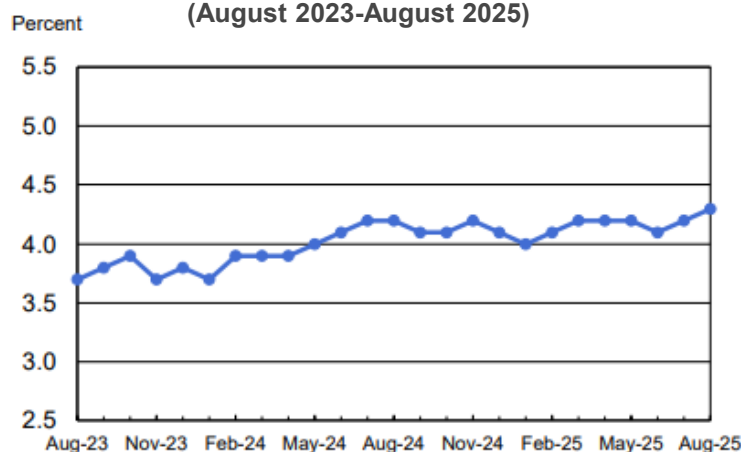
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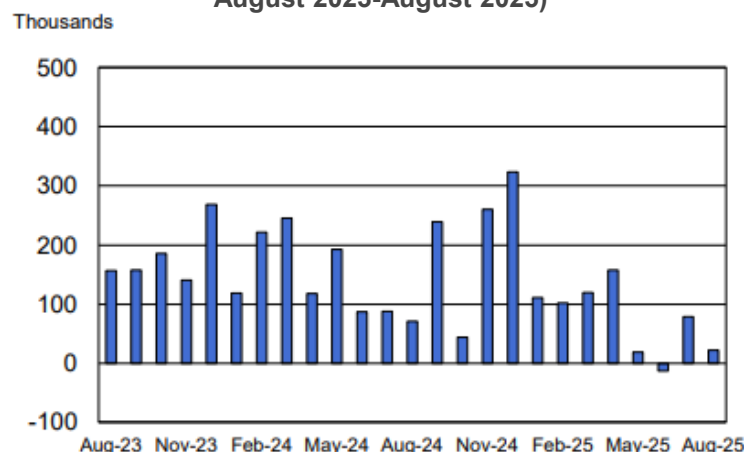
We continue to believe there is more out there than just the “Magnificent Eight”, which is roughly a third of the Russell 3000® Index weight presently.

We believe there are questions and concerns moving forward. Weighted market multiples continue to elevate, though we would argue there appear to be pockets of attractive valuations as we look at the broader market. As noted in the chart on page 2, core inflation, as measured from the Consumer Price Index (CPI), remains persistent above 3%. Though the Fed lowered rates slightly, still-elevated rates may erode consumer purchasing power. We believe housing affordability remains a concern with high mortgage rates and elevated property values. Meanwhile, unemployment rates are rising as hiring is slumping, as seen in the charts below.

**Unemployment Rate  
Seasonally Adjusted**  
(August 2023-August 2025)



**Nonfarm Payroll Employment**  
(Over-the-month change, seasonally adjusted,  
August 2023-August 2025)



Source for both charts: Bureau of Labor Statistics. Data is as of 08.31.2025.

And yet, despite still-elevated inflation and recent declining employment levels, we feel that the market may believe bad news (growth impediments) may lead to good news (pro-growth policy) in the form of expected lowered interest rates.

Although some discussion among world leaders may imply progress, geopolitical stability remains a concern in our view, especially in the Far East, Russia/Ukraine, and Middle East. The Trade War continues as U.S. protectionist policies drive increasing tariffs on many products, which in turn spur retaliatory actions from our trading partners. Amongst other key concerns, fiscal budgets are running deficits and debt levels are ballooning. Federal debt stood at over \$36 trillion compared to just over \$30 trillion U.S. GDP at the end of 2Q25. The Congressional Budget Office (CBO) projects the nation's debt will exceed \$52 trillion by the end of fiscal 2035. Last but not least and unsurprising to some, the quarter ended with a government shutdown. Certain government program funding sources have been cut off for the time being as both parties failed to agree on a spending bill.

The Magnificent 8: Apple (AAPL), Microsoft (MSFT), Alphabet (GOOGL), Amazon (AMZN), Meta Platforms (META), NVIDIA (NVDA), Tesla (TSLA), and Broadcom (AVGO).



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Where does that leave the Special Opportunities portfolio team and our expectations? Only one thing is certain, we are uncertain. We are not market prognosticators, nor do we pretend to be. We are presently skeptical, yet still cautiously optimistic over the long run. It is in our nature and what keeps us always on high alert which, in turn, drives us to turn over new rocks every day in search of asymmetric returns. Markets will often have some volatility somewhere, and certain stock displacements can create special opportunities. We remain considerate of your capital while aiming for ample returns with below average risk. Our approach remains grounded in the Equity Opportunity Group's (EOG's) four pillars: above-market growth, returns on capital, balance sheet strength, and below-market multiples.

## Quarterly Review

| Performance           | QTR   | YTD     | 1YR    | 3YR    | 5YR    | 10YR   | Since Inception <sup>1</sup> |
|-----------------------|-------|---------|--------|--------|--------|--------|------------------------------|
| Sterling (Pure Gross) | 6.85% | 10.16%  | 17.04% | 21.51% | 15.11% | 12.89% | 11.84%                       |
| Sterling (Net)        | 6.08% | 7.77%   | 13.66% | 18.01% | 11.78% | 9.62%  | 8.60%                        |
| Russell 3000® Index   | 8.18% | 14.40 % | 17.41% | 24.12% | 15.74% | 14.71% | 8.85%                        |

In the third quarter, the Special Opportunities portfolio generated gross returns of 6.85% and 6.08% net of the maximum fee versus the Russell 3000® Index's 8.18% total return. Key contributing sectors within the portfolio included: technology, communication services and materials. Not owning consumer staples was also beneficial in our view. Primary detracting sectors were financials, energy, and industrials. Overall, 21 holdings advanced, while 11 declined. 11 of our holdings advanced by double-digits while three declined by double-digits. Six of our holdings increased by over 20%. One of our holdings decreased by over 20%.

<sup>1</sup>Inception date is 06.30.2004. Data is as of 09.30.2025. The benchmark is the Russell 3000. Performance results prior to 01.01.2013 are considered "predecessor performance" and were achieved by the Equity Opportunities team when they were known as CHOICE Asset Management, a division of Scott & Stringfellow. The net of fee performance reflects the deduction of the maximum SMA bundled fee of 3.00% annually for all periods presented. Performance is preliminary and is annualized for periods longer than one year. Net of fees performance returns are presented net of the SMA bundled fee, which includes all charges for trading costs, advisory services, portfolio management, custody and other administrative fees. "Pure" gross of fees performance returns do not reflect the deduction of any fees including trading costs: a client's return will be reduced by the management fees and other expenses it may incur. Investment management fees are described in SCM's Form ADV 2A. Performance reflects the reinvestment of interest income and dividends and realized capital gains. The performance presented represents past performance and is no guarantee of future results. Performance is compared to an index: however, the volatility of an index varies greatly and investments cannot be made directly in an index. Market conditions vary from year to year and can result in a decline in market value due to material market or economic conditions. Please refer to the attached GIPS Composite Report for additional disclosures. Sources: Russell Investments; eVestment Alliance; Sterling Capital Management Analytics.



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## 3Q25 Attribution

| Leading Contributors  | Portfolio Weight | Total Return | Gross Contribution to Return |
|-----------------------|------------------|--------------|------------------------------|
| Oracle                | 4.67%            | 28.91%       | 1.26%                        |
| Alphabet Cl-C         | 3.69%            | 37.42%       | 1.21%                        |
| CRH Public Limited Co | 4.18%            | 31.04%       | 1.17%                        |
| NVIDIA                | 6.39%            | 18.10%       | 1.09%                        |
| Teva Sp ADR           | 3.88%            | 20.53%       | 0.75%                        |

Sources: FactSet; Sterling Capital Management Analytics.

- **Oracle** once again found itself at the top of our contributors list as we believe the latest earnings featured solid results from Oracle Cloud Infrastructure (OCI.) Thanks to Stargate, xAI, Meta and OpenAI, OCI backlog grew 359% to \$0.5 trillion, which may have seemed unfathomable just a year ago. This acceleration was primarily driven by material AI wins. Later in the quarter, Oracle announced a return to a Co-CEO management structure between Clay Magouyrk, formerly OCI President, and Mike Sicilia, formerly Oracle Industries President. Safra Catz will move on to executive vice chair while Larry Ellison continues to serve as chairman and chief technology officer (CTO). Last but not least, Oracle was also chosen as part of the consortium that will share in the ownership of Tik Tok's U.S. operations while securing the U.S. algorithm and managing the back-end infrastructure. Conclusively, the company is firing on all cylinders in our opinion.
- **Alphabet** posted solid second quarter results, in our view, with an earnings beat on the top and bottom line. Search, enhanced by AI Overviews (powered by Gemini 2.5), showed resiliency in the face of continued concerns that AI chatbots may supplant Google. Search users grew to roughly 2.0B users from last quarter's 1.5B. Google Cloud beat consensus expectations, with an overall margin-enhancing contribution due to this mix shift. Other notables: YouTube continues its U.S.-dominance in streaming as Waymo continues to lead the autonomous vehicle (AV) market in miles-driven while expanding its geographic footprint.
- **CRH** reported a 2Q25 beat and raise, specifically raising fiscal year (FY)25 earnings before interest, taxes, depreciation, and amortization (EBITDA) guidance. CRH delivered above-peer volume growth in cement and aggregates at 5% and 1%, respectively. These numbers are suggestive of the continued allocation of unspent funding for the Infrastructure Investment and Jobs Act (IIJA), which are still in the coffers, comprising an estimated 40% of total funds. It is perhaps too early to suggest a market turnaround in Europe, but CRH did report some green shoots in Western European markets. CRH generates strong free cash flow (FCF), trades at a discount to peers, and demonstrates thoughtful capital allocation.
- **NVIDIA** reported yet another impressive quarter with a beat and raise, in our view. The beat was primarily driven by low double-digit sequential growth in Blackwell chips. With a long runway of growth ahead due to AI infrastructure spend, NVIDIA is likely in a strong competitive position to hold a majority share of the required graphic processing units (GPUs) being sold to the hyperscalers and sovereigns alike.

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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- **NVIDIA** (cont'd.) Recently, the topic of circular revenue has been highlighted in the market as NVIDIA (and others) take interests, such as equity stakes in major customers (i.e. OpenAI.) We continue to deliberate internally over such curious arrangements as both a supplier and investor.
- **Teva** bounced back in the quarter despite a negative overall healthcare-sector backdrop. Post 2Q25 results, Teva raised its sales guidance for three of its top four branded drugs, including Austedo, which shares the overall market for treating tardive dyskinesia with Neurocrine Biosciences. Teva also increased the lower end of its guidance for FY25 earnings per share. Meanwhile, Duvakitug will start phase three trials for ulcerative colitis and Crohn's disease during 4Q25, and Olanzapine LAI (long-acting treatment for schizophrenia) plans to file with the Food and Drug Administration (FDA) for approval during 4Q25. In addition, the company is in advanced discussions for the sale of its Teva Active Pharmaceutical Ingredient (TAPI) business.

| Leading Detractors  | Portfolio Weight | Total Return | Gross Contribution to Return |
|---------------------|------------------|--------------|------------------------------|
| DexCom              | 3.27%            | -22.91%      | -0.82%                       |
| Intuit              | 3.54%            | -13.18%      | -0.54%                       |
| Brown & Brown, Inc. | 1.72%            | -15.27%      | -0.32%                       |
| Copart              | 2.35%            | -8.36%       | -0.24%                       |
| Deere & Company     | 1.90%            | -9.76%       | -0.19%                       |

Sources: FactSet; Sterling Capital Management Analytics.

- **Dexcom** experienced a volatile second quarter driven by CEO Kevin Sayer's temporary medical leave of absence, followed by the planned succession to COO Jake Leach on January 1, 2026. An inflammatory short report also highlighted the G7 glucose monitoring sensor's product concerns to which the company quickly responded to as "minor" issues that had already been addressed and resolved prior. We have been in regular contact with the company and remain confident in the new CEO's abilities to lead. We believe this company enjoys an enviable position in a duopolistic market with a long runway for growth and numerous secular drivers.
- For **Intuit**, the market remains concerned AI may potentially disrupt Software-as-a-Service (SaaS) companies. We believe Intuit remains one of the best-managed software companies with unique and proprietary data and analytics for small- to medium-sized businesses (SMBs) through QuickBooks and MailChimp, and consumer finances through TurboTax and Credit Karma. Moreover, we believe the company has a significant first mover advantage in AI applications developed and deployed both for customers and internally, as Intuit management began their AI strategic deployment in 2019 when Sasan Goodarzi took over as CEO. Presently, Intuit Enterprise Suite (IES) gives the company an AI-powered and streamlined workflow cloud solution to move upstream and address the larger enterprise market. Along with other AI initiatives and TurboTax Live, IES is one of three key pillars supporting a stated aspiration at Intuit's September Analyst Day to accelerate to 20% top-line growth by 2030.

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- **Brown & Brown** was a top detractor even after reporting a solid 1Q25 and benign 2Q25, in our view. Our primary concern is an overall deceleration in organic growth rates for insurance brokers in aggregate. At the core of this issue is moderation in property and casualty (P&C) rate increases, otherwise referred to as a hard-to-soft market transition. We continue to believe in the long-term outlook for Brown & Brown and trust the deceleration in pricing is a cyclical dynamic that may eventually turn in the industry's favor as it has in the past.
- **Copart** delivered mixed results for fiscal 4Q24, missing the top line and beating the bottom line. We believe there are several underlying issues that should normalize over time and allow this operator to move towards its true intrinsic value. Presently, the number of uninsured and under-insured motorists is rising as vehicle affordability declines because of increasing car prices. Insurance Auto Auctions (IAA) is competing better under Richie Brothers ownership. Yet in our opinion, they are still at a structural disadvantage to Copart. IAA may continue to bridge the gap, but Copart is likely to remain the share leader with a technology lead, operational advantages, and more strategic expansion into key markets. Moreover, Copart has greater financial flexibility afforded by its fortress-like balance sheet with net cash approaching \$5B.
- **Deere & Company's** stock sold off following the company's 3Q25 mixed earnings release and tempered guidance update. We believe Deere's management team continues to execute well in terms of cost discipline, inventory management, and FCF resilience in the face of a prolonged downturn, yet perhaps cyclical trough. Deere has historically taken price, but in this past quarter pricing fell, albeit slightly. Also, large ag-equipment sales remain weak, and tariffs on imports and reciprocal tariffs from U.S. trading partners continue to weigh on the company's financial performance. As alluded to, we believe we are near a cyclical trough that may eventually turn, which may provide us with significant upside over time.

## Portfolio Changes

We added **Universal Display Corporation (OLED)** in July. Universal Display (UDC) is the leading steward of phosphorescent organic light emitting diode (PHOLED) emitter technology, the key ingredient behind the vivid, power-efficient screens that define today's premium electronics. UDC holds a leading position with thousands of protected patents and sits at the intersection of multiple structural shifts in the electronics industry as addressable surface area in smartphones, laptops, tablets, monitors, automobiles, lighting, and televisions remain largely untapped. As leading brands migrate their product lines to power-efficient, high-contrast OLED panels, UDC hooovers up its share of the emitter market. In our opinion, the combination of an inflection in the production of OLED screens, the upcoming premium blue PHOLED commercialization, visible capacity ramps by key panel makers such as LG, BOE and Samsung, and shareholder-friendly capital deployment offer a compelling set of catalysts and drivers over the next several years and beyond.

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



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## Outlook

As we get closer to a new year with strong double-digit market returns year to date, we feel it's natural to worry. Market, macro, and geo-political indicators tend to have something for everyone and there is no shortage of bulls and bears out there. Cautious investors may go to the sidelines and wait for something to break while optimists may stay in the game and could be likely to even increase their bets to ride the current momentum. That's what makes a market.

We are not placing bets on the market overall. We aim to choose, trade, and manage individual stocks to make up a well-diversified portfolio with both offensive and defensive characteristics. Regardless of our expectations about the market's direction from here, we stay grounded in our philosophy and process. Yet, we are pleased to see the market broaden a bit and have plenty of high quality and opportunistic stocks in our pipeline, ready to get in the game when their numbers are called. Rest assured, these trade decisions are based on our time-tested investment approach, emphasizing EOG's four pillars: above-market profitability, secular and enterprise growth, balance sheet strength, and attractive valuations. We continue to believe this may provide the best possible chances for our risk-adjusted returns to outpace the market.

Referring to EOG's four pillars chart at the end of 3Q25 versus the Russell 3000 Index, we believe the portfolio remains better positioned by nearly all measures.

|                           | EPS Growth |       |       |             | 2027E Multiple |           |           | Profitability/Returns |       |            | Balance Sheet |          |
|---------------------------|------------|-------|-------|-------------|----------------|-----------|-----------|-----------------------|-------|------------|---------------|----------|
|                           | 2025E      | 2026E | 2027E | 24-27E CAGR | P/E            | EV/EBITDA | FCF Yield | ROE                   | ROIC  | EBITDA Mgn | Coverage      | Leverage |
| Special Opportunities     | 12.9%      | 12.5% | 16.2% | 13.2%       | 18.1x          | 12.8x     | 4.1%      | 19.2%                 | 9.8%  | 28.2%      | 8.4x          | 0.9x     |
| Russell 3000              | 13.2%      | 13.7% | 12.1% | 13.0%       | 19.6x          | 13.0x     | 4.7%      | 7.8%                  | 5.1%  | 14.2%      | 2.6x          | 2.1x     |
| % Better / Worse vs Bench | -2.3%      | -8.6% | 33.5% | 1.3%        | (7.5%)         | (1.0%)    | -11.9%    | 145.0%                | 89.5% | 98.4%      | 230.4%        | (56.9%)  |

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

CAGR: compound annual growth rate. E: estimate. EPS: earnings per share. EV/EBITDA: enterprise value to earnings before interest, taxes, depreciation, and amortization. ROE: return on equity. ROIC: return on invested capital. Source: Bloomberg L.P. Data is as of 10.01.2025.

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

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

Dan Morrall  
Co-Portfolio Manager

Jim Curtis, CFA®  
Co-Portfolio Manager

# Important Information

## Disclosures

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

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

The **Russell 2000® Index** measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

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

The **S&P 500® Index** is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Currently, the S&P 500 Composite includes 500 of the largest stocks (in terms of stock market value) in the United States and covers approximately 80% of available market capitalization.

Technical Terms: **Earnings per share (EPS)** is calculated as a company's profit divided by the outstanding shares of its common stock. The resulting number serves as an indicator of a company's profitability. It is common for a company to report EPS that is adjusted for extraordinary items and potential share dilution. **EBITDA**, or earnings before interest, taxes, depreciation, and amortization, is an alternate measure of profitability to net income. By including depreciation and amortization as well as taxes and debt payment costs, EBITDA attempts to represent the cash profit generated by the company's operations. **The EBITDA/EV multiple** is a financial valuation ratio that measures a company's return on investment (ROI). The EBITDA/EV ratio may be preferred over other measures of return because it is normalized for differences between companies. Using EBITDA normalizes for differences in capital structure, taxation, and fixed asset accounting. **Personal consumption expenditures (PCE)**, also known as consumer spending, is a measure of the spending on goods and services by people of the United States, and is used by the Federal Reserve to measure inflation. **The federal funds target range** is a specific interest rate range, set by the Federal Open Market Committee (FOMC), that influences the interest rate at which commercial banks lend each other money overnight using their reserves held at the Federal Reserve. **A Graphics Processing Unit (GPU)** is a specialized electronic circuit designed to accelerate the creation of images and videos by performing parallel processing of large amounts of data. **Gross domestic product (GDP)** is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of a given country's economic health. The **Consumer Price Index (CPI)** measures the monthly change in prices paid by U.S. consumers. **Infrastructure Investment and Jobs Act (IIJA)** is an Act To authorize funds for Federal-aid highways, highway safety programs, and transit programs, and for other purposes. (Technical definitions are sourced from Corporate Finance Institute.)

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## Sterling Capital Special Opportunities SMA

|      | Total "Pure"<br>Gross Return | Total<br>Net Return | Benchmark<br>Return | 3Y Composite<br>Std. Dev. (Gross) | 3Y Benchmark<br>Std. Dev. | Composite<br>Dispersion | Number of<br>Portfolios | Composite<br>AUM (MM) | Total Firm<br>AUM (MM) |
|------|------------------------------|---------------------|---------------------|-----------------------------------|---------------------------|-------------------------|-------------------------|-----------------------|------------------------|
| 2024 | 21.73%                       | 18.23%              | 23.81%              | 18.21%                            | 17.56%                    | 0.05%                   | 215                     | \$203                 | \$66,160               |
| 2023 | 25.81%                       | 22.20%              | 25.96%              | 18.67%                            | 17.46%                    | 0.12%                   | 245                     | \$189                 | \$66,746               |
| 2022 | -19.27%                      | -21.67%             | -19.21%             | 22.54%                            | 21.48%                    | 0.22%                   | 252                     | \$166                 | \$62,842               |
| 2021 | 27.82%                       | 24.16%              | 25.66%              | 19.35%                            | 17.94%                    | Not Calculable          | 3                       | \$289                 | \$75,309               |
| 2020 | 15.23%                       | 11.89%              | 20.89%              | 20.36%                            | 19.41%                    | Not Calculable          | 3                       | \$419                 | \$70,108               |
| 2019 | 27.22%                       | 23.57%              | 31.02%              | 12.31%                            | 12.21%                    | Not Calculable          | 4                       | \$525                 | \$58,191               |
| 2018 | -3.32%                       | -6.15%              | -5.24%              | 10.99%                            | 11.18%                    | Not Calculable          | 4                       | \$453                 | \$56,889               |
| 2017 | 20.55%                       | 17.09%              | 21.13%              | 9.85%                             | 10.09%                    | Not Calculable          | 4                       | \$493                 | \$55,908               |
| 2016 | 5.72%                        | 2.64%               | 12.74%              | 10.35%                            | 10.88%                    | Not Calculable          | 4                       | \$721                 | \$51,603               |
| 2015 | 9.59%                        | 6.41%               | 0.48%               | 9.67%                             | 10.58%                    | Not Calculable          | 4                       | \$901                 | \$51,155               |

Benchmark: Russell 3000® Index

Composite Creation Date: 10.16.2014

Inception Date: 01.01.2001

- 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.
- 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 Stratbn 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 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.
- "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.
- 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.
- The appropriate benchmark is the Russell 3000® Index. The Russell 3000® Index measures the performance of the largest 3,000 U.S. companies, representing approximately 98% of the investable U.S. market. It represents the universe of stocks from which all-cap managers typically select. The index is reconstituted annually. Total return includes price appreciation/depreciation and income as a percent of original investment.
- 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.
- 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.