

Special Opportunities SMA Commentary

3rd 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

Overall, the third quarter of 2026 delivered modest performance with low volatility in the stock market, despite a fall in bond prices along with corresponding rise in yields which appeared to be driven by ongoing concerns of inflation and ongoing employment. Note the chart below:

**10-Year U.S. Treasury Yield (UGG10YR), Personal Consumption Expenditure (PCE CYOY)
Core Price Index and U.S. Initial Jobless Claims (INJCJC)**



UGG: U.S. Generic Govt 10-Yr Index. YR: Year. YOY: Year-over-year. Data is as of 10.5.2026.
Source: Bloomberg L.P.



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Newly elected Federal Reserve (Fed) Chairman Kevin Warsh would not succumb to White House pressure, raising rates in September to a target range of 3.75 - 4.00%, the first raise since the summer of 2023. Drivers of federal policy and market narratives include growing U.S. fiscal deficits, continued artificial intelligence (AI) capital expenditure (capex) spending and financing, and geopolitical conflict in the Middle East and Ukraine, which has served to keep oil and diesel prices elevated. Presently brent crude sits above \$100 per barrel. Note the chart below:

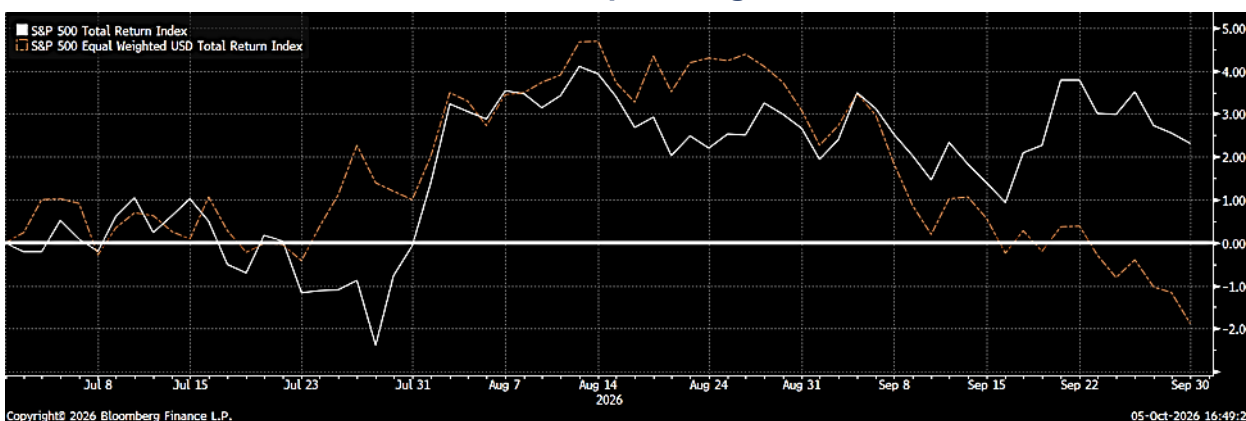
Brent Crude Price per Barrel



Data is as of 10.05.2026. Source: Bloomberg L.P.

Despite unresolved conflict in Iran, energy prices rising over 40% in the quarter and a 20+ year high in the 10-year U.S. Treasury yield, the S&P 500 gained 2.3%. A major driver appeared to be the energy sector, which rose over 17%. Healthcare also stood out on the positive side while utilities and industrials showed to be the weakest performing sectors. Large caps outperformed small caps while value outperformed growth. Noting the chart below, market breadth continued to show in the quarter until September, when breadth appeared to narrow, as the top AI and magnificent seven stocks (heavily weighted index constituents) rebounded. Note the chart below:

S&P 500 vs S&P 500 Equal Weight Performance



Data is as of 10.05.2026. Source: Bloomberg L.P.

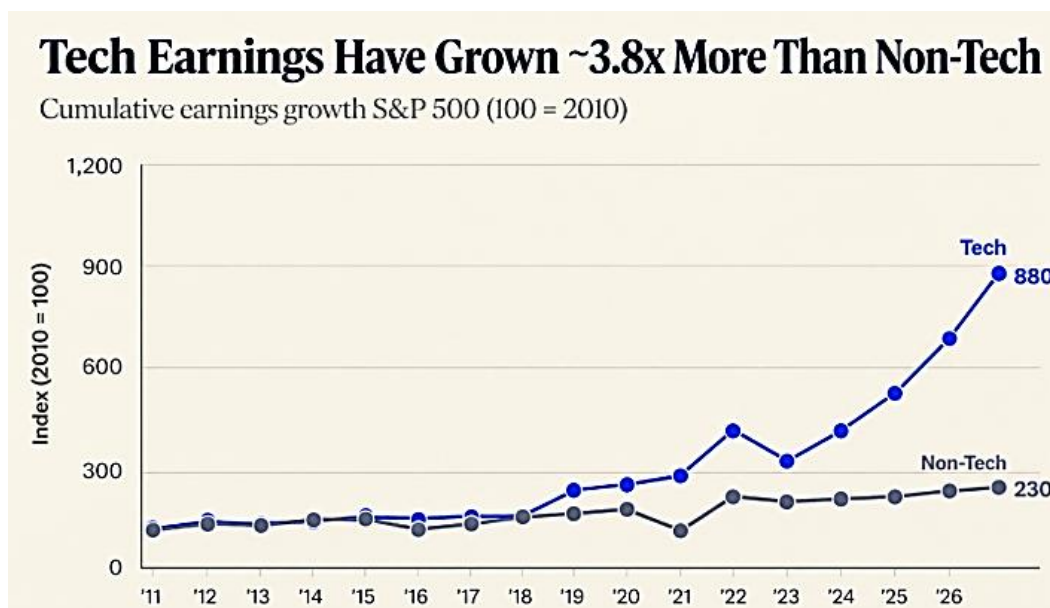
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Overall, the key factor driving the market remains corporate earnings growth, in our opinion. Bloomberg estimates project 2026 earnings growth of over 30%, a substantial upward revision from 15% at the beginning of the year, driven by artificial intelligence (AI) infrastructure. According to consensus reports, AI infrastructure and hyperscalers may combine to account for roughly half of S&P 500 earnings growth in 2026. Market estimates point to mid-teens earnings growth in 2027. And looking further back, tech earnings have outgrown non-tech earnings by almost 4x over the last fifteen years. Note the following chart:



Data is as of 08.26.2026. Sources: CapIQ for earnings and year-end market cap for S&P 500 constituent members (ex-China).

Though midterms are upon us, Iranian and Ukrainian conflicts persist, oil prices remain high, AI capex climbs, and consumer confidence seems rattled, there may still be clear reasons for optimism too. As earnings have accelerated, market multiples have compressed (more on that later). Though AI risks seem to dominate headlines, AI is creating efficiencies and productivity, and we believe there may be clearcut opportunities for AI to possibly broaden earnings strength across numerous industries. The applications and benefits of AI are still developing, with potential benefits to the economy and society. Meanwhile, inflation hopefully stabilizes towards the Fed's targeted 2.0%, while unemployment remains subdued.

But just to remind you, we do not forecast these market and macro variables. We study them and take them into account as we analyze the effects on the portfolio, individual holdings, and prospective ideas. Most importantly, we remain steadfast in our approach, namely the Equity Opportunity Group's (EOG's) four pillars, targeting investments in companies with potential above-market growth, returns on capital, and balance sheet strength with below market multiples. We continue to believe such factors may give our clients a possible advantage in outperforming the market with below-average risk over time.

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Quarterly Review

Performance	QTR	YTD	1YR	3YR	5YR	10YR	Since Inception ¹
Sterling (Pure Gross)	3.23%	12.65%	16.49%	20.53%	11.38%	13.51%	12.01%
Sterling (Net)	2.48%	10.21%	13.13%	17.06%	8.15%	10.22%	8.77%
Bloomberg U.S. 3000 Index	1.37%	12.63 %	15.32%	22.31%	12.54%	14.72%	9.16%

In the third quarter, the portfolio generated gross returns of 3.23%, and 2.48% net of the maximum fee versus the Bloomberg 3000 Index's 1.37% total return. Three of our top five contributors came from the Technology sector and two came from Healthcare. Two of our five largest detractors came from Technology, one from Materials, one from Communication Services and one from Utilities. As opposed to the second quarter, the potential threat of AI disintermediation saw a bit of a reversal, with some software and services posing a rebound while some AI infrastructure stocks appeared to take a breather. Overall, 19 of our holdings within the quarter advanced while 22 declined. We added two holdings in the quarter and removed five. Eight of our holdings advanced by double-digits while nine declined by double-digits. Five stocks advanced over 30% in the quarter and one over 50%. Two stocks declined by over 20%, yet none declined by over 30% in the quarter.

3Q26 Attribution Contributors

Leading Contributors	Portfolio Weight	Total Return	Gross Contribution to Return
Natera, Inc.	5.25%	52.26%	2.37%
Microsoft Corp.	4.31%	37.76%	1.40%
ServiceNow, Inc.	3.40%	34.98%	0.98%
NVIDIA Corp.	7.06%	14.27%	0.91%
Danaher Corp.	2.27%	16.52%	0.35%

Sources: FactSet; Sterling Capital Management Analytics.

¹Inception date is 06.30.2004. Data is as of 09.30.2026. 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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- **Natera's (NTRA)** second-quarter overall revenue grew 38% year-over-year (YoY) to \$753M, and oncology test volumes rose 57% YoY, which seemed to show its cancer-monitoring test is being adopted quickly. Specifically, with these record Signatera test volumes and the company raising full-year guidance, the stock surged over 50% during the third quarter, making it the top contributor in the strategy over this period.
- **Microsoft's (MSFT)** Azure growth accelerated to 43% from 40% in the prior quarter. Azure passed \$100B in annual revenue for the first time and management guided to about 45% YoY growth for the fiscal first quarter of 2027. Coupled with rapid Microsoft 365 Copilot adoption (surpassing 30M paid seats), the company's stock performed very well during the quarter.
- **ServiceNow's (NOW)** subscription revenue growth reaccelerated to 23% from 19% in the prior quarter, and its AI products crossed \$1B in annual contract value. We feel that was substantial evidence that AI is producing real revenue, and company management raised its full-year outlook. These results also seemed to counter the argument that AI may disintermediate the company's core business.
- **NVIDIA (NVDA)** contributed to performance after reporting fiscal second-quarter revenue of \$96B, more than double the prior year with data center sales up 117% to \$89B. The company also guided next quarter's revenue to about \$108B, above the roughly \$104B Wall Street expected, and reported its next-generation Vera Rubin platform is now in full production. Together, these results appeared to reinforce that demand for AI infrastructure is still growing rapidly.
- **Danaher (DHR)** recovered during the quarter as investors seemed to refocus on its raised full-year earnings guidance, supported by strong second-quarter results and the earlier-than-expected closing of the Masimo acquisition, along with mid-teens growth in bioprocessing orders.

Detractors

Leading Detractors	Portfolio Weight	Total Return	Gross Contribution to Return
CRH public limited company	2.60%	-22.31%	-0.66%
Coherent Corp.	1.58%	-27.04%	-0.58%
Take-Two Interactive Software, Inc.	3.15%	-16.99%	-0.56%
NXP Semiconductors NV	2.76%	-15.09%	-0.53%
Vistra Corp.	2.68%	-12.64%	-0.41%

Sources: FactSet; Sterling Capital Management Analytics.

- **CRH (CRH)** detracted from performance despite solid second-quarter results, as the Company only reaffirmed its full-year guidance while citing continued softness in residential construction and cost inflation that weighed on its Americas Building Solutions segment. Investors were also disappointed that CRH paused new share buybacks while it pursues its \$8.5B acquisition of Arcosa, and uncertainty over federal highway funding as the Infrastructure Investment and Jobs Act (IIJA) winds down added pressure, sending the stock to a 52-week low in late September.

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). The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful. Past performance is not indicative of future results.



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- **Coherent (COHR)** detracted from performance despite reporting record quarterly revenue above \$2B, up 34% year-over-year (YoY), and guidance that beat expectations as investors repeatedly took profits in AI optics stocks that had more than doubled this year and traded at elevated valuations. Sentiment seemed further pressured by a roughly 16% decline in Coherent's industrial segment and a sharp drop in operating cash flow, while equity offerings from peers appeared to spark additional selloffs across the optical sector.
- **Take-Two Interactive (TTWO)** — Despite company management reiterating bookings guidance for fiscal 2027 on their latest earnings call, pressure built late in the quarter after leaked gameplay footage surfaced and a media report speculated that GTA Online could launch well after the base game. In our view, investors had been pricing the stock for a flawless launch, so these concerns appeared to send shares lower ahead of the game's November 19 release.
- **NXP Semiconductors (NXPI)** detracted from performance despite beating second-quarter estimates, with revenue up 19% year-over-year to \$3.5B as the unusually wide range of its third-quarter earnings guidance appeared to unsettle investors and the stock fell in July. Sentiment may have also been weighed down by a 10% sequential decline in its mobile segment, possible uncertainty around automotive demand in China, and the Company's relatively limited exposure to AI data centers compared with semiconductor peers.
- **Vistra's (VST)** decline followed softer 2027 forward power prices in Texas, its key market. A \$472M paper loss on hedges appeared to pull down reported earnings and analysts cut 2027 estimates. Yet, the stock fell despite strong operations and double-digit earnings before interest, taxes, depreciation and amortization (EBITDA) growth and affirming fiscal year (FY) 2026 and FY2027 EBITDA outlook.

Portfolio Changes

We added two new portfolio holdings and sold five during 3Q26.

During July of 2026, we initiated a position in Broadcom (AVGO), a diversified semiconductor and infrastructure software company that looks to have become one of the primary beneficiaries of hyperscaler spending on AI. Its ethernet switching chips connect tens of thousands of specialized processing units (XPU) in large AI clusters, and since networking increasingly determines how efficiently those clusters run, these chips appear to have become essential infrastructure. Broadcom is also the leading engineering partner for hyperscalers designing their own custom AI chips, so the company benefits from AI spending whether merchant graphics processing units (GPU) or custom accelerators win out. We have confidence in CEO Hock Tan's disciplined, cash-focused leadership, and the company's most recent quarter reinforced our thesis: AI semiconductor revenue grew 221% YoY to \$16.7B.

During July of 2026, we initiated a position in Boston Scientific (BSX), a global medical technology leader whose minimally invasive devices are becoming increasingly concentrated in fast-growing cardiovascular markets. It holds leading positions in both pulsed-field ablation (FARAPULSE) and stroke prevention (WATCHMAN) for atrial fibrillation, which may give it a combined offering few competitors can match. The shares fell sharply in 2026 on rising competition in ablation, slower WATCHMAN procedures, disruption in its urology business, two guidance reductions, and concerns about its \$14.5B acquisition of Penumbra.

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We believe the market is mistaking a period of normalization for permanent competitive damage, and with valuation multiples now showing well below historical averages and several product launches expected in 2027, we see an attractive opportunity to own a high-quality growth franchise at what we believe to be a reasonable price.

During July of 2026, we exited our position in Apollo Global Management (APO), one of the world's largest alternative asset managers, which we originally bought for its leadership in private credit and the funding advantage provided by its Athene retirement services business. We believe each pillar of that thesis is now under pressure. Private credit spreads have compressed as capital floods the asset class, competition from peers and returning banks has eroded Apollo's origination edge, and Athene appears to be facing slowing spread-earnings growth, rising annuity surrenders, and increasing regulatory scrutiny of insurer-affiliated asset managers. With credit quality and an underappreciated risk and the share price, in our view, reflecting past successes rather than these emerging challenges, we sold our shares.

During July of 2026, we exited our position in Lennar Corporation (LEN), one of the nation's leading homebuilders, which we originally bought for its strong national brand and its shift toward a capital-efficient, land-light business model. We believe housing affordability has become the defining challenge of the residential market: persistent inflation and elevated mortgage rates appear to be suppressing buyer urgency and possibly making it harder for families to qualify for financing. Because Lennar is committed to maintaining high production volumes despite weak demand, it has had to keep using aggressive incentives on speculative homes, which has held its gross margins and returns on equity at depressed levels. With no quick fix in sight, we sold our shares and reallocated the capital elsewhere.

During July of 2026, we exited our position in Universal Display Corporation (OLED), which we originally bought for its technology leadership and its strong intellectual property in phosphorescent OLED materials, a position that we thought made it an indispensable supplier to the world's leading display manufacturers. Softening consumer demand in smartphones and televisions, made worse by rising component costs and consumers' sensitivity to higher prices, seemed to reduce visibility across the consumer electronics supply chain and led company management to lower its full-year revenue guidance. Higher raw material costs may have also pressured profitability. Because we found it difficult to forecast when these macro pressures would ease, we sold our shares and reallocated the capital elsewhere.

During August of 2026, we exited our long-standing position in HCA Healthcare (HCA), one of the nation's largest hospital operators, which we originally bought for its national scale, concentration in high-growth markets, and best-in-class operating margins. We believe the thesis now faces its most serious challenges in years. The expiration of enhanced government insurance subsidies is shifting HCA's payer mix toward uninsured patients faster than expected, high-margin elective surgical volumes are softening, and rising labor and supply costs may be making it harder to convert revenue growth into earnings. With these structural headwinds building and the valuation still reflecting a premium, we chose to lock in gains and sold our shares.

During September of 2026, we exited our position in Intuit (INTU), which we originally bought for the strength of its integrated financial software platform and its brand strength in consumer tax preparation and small business accounting. That strength is now being challenged: TurboTax is losing share, with federal units down 2% this tax season, as lower-cost, AI-based filing alternatives appear to be pressuring its traditional pricing power. At the same time, Mailchimp revenue is stagnating and growth in the core QuickBooks franchise is slowing, again from AI-native competition. While the stock's valuation has compressed significantly, these structural shifts, AI threats and operational challenges have undermined our confidence in Intuit's long-term earnings power, and we sold our shares.

For a full discussion of portfolio changes, please refer to our stock writeups issued in the month after the activity. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful. Past performance is not indicative of future results.



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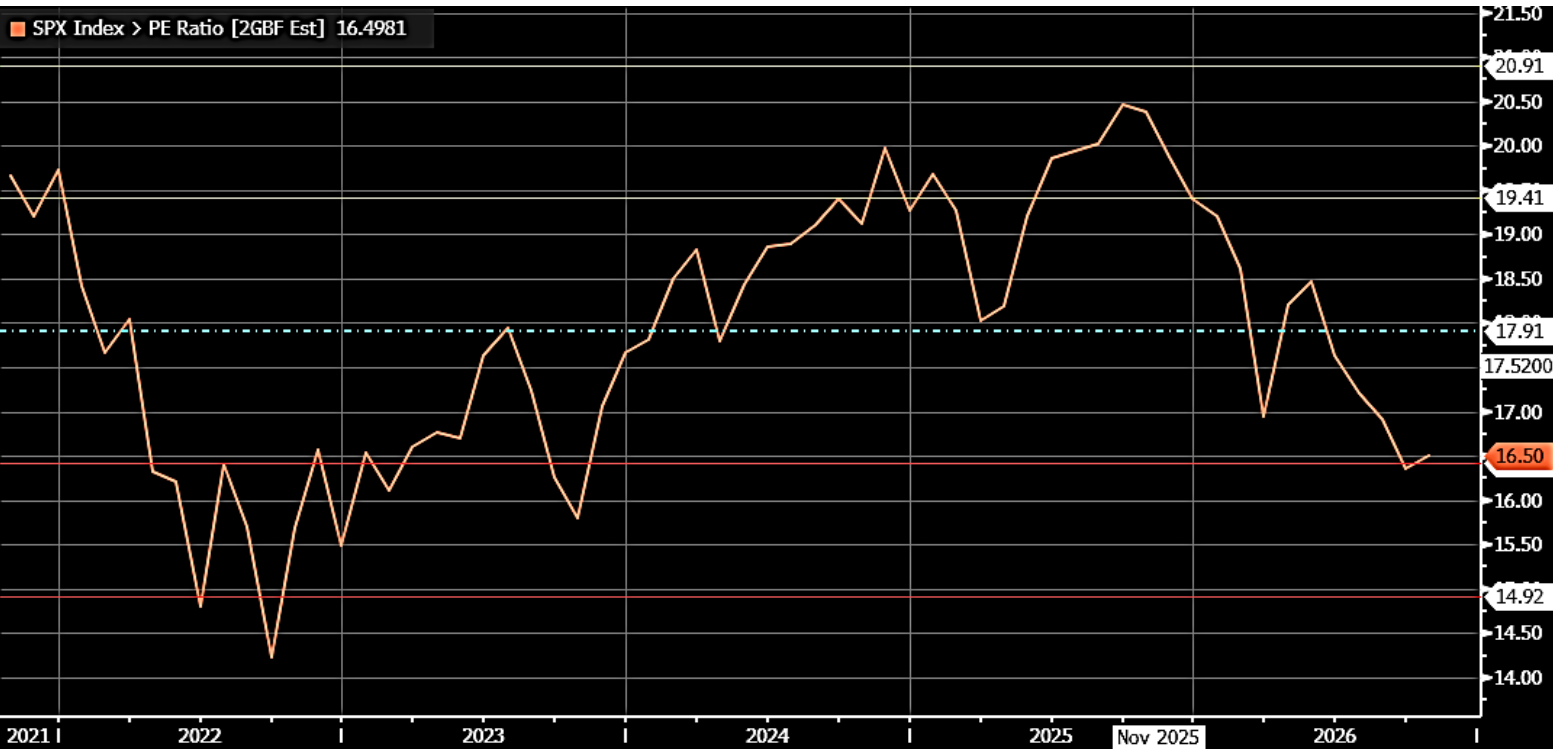
3rd Quarter 2026

Outlook

Heading into the final innings of 2026, we are encouraged by corporate profits and overall gross domestic product (GDP) growth. Yet, we are also left wondering what may come of persistent war-driven inflationary pressures. We are concerned that tax cuts, large and growing deficits and increased demand for AI infrastructure may grow the supply of debt and pressure yields higher. Additional tariffs could also muddy the market outlook. Perhaps the tech trade continues, but we wonder how the demand and supply curves will evolve, what are the potential returns on capital, how it will all be financed, and what are the impacts from rising capital costs. Consumer and industrial related sectors could also be pressured by persistent inflation and higher lending rates. Financials must manage maturities and price mismatches between assets and liabilities to optimize net interest margins. We also wonder if healthcare remains agnostic in the market and how it may evolve with shifting political winds.

Meanwhile, do estimates continue to revise higher? If so, the market does not look terribly expensive at present, in our view. Despite a 16% return over the last year, multiples are down considering earnings growth has surpassed market returns. Noting the chart below, looking out two years the S&P 500 forward earnings sits about a standard deviation below the five-year average:

24-Month Forward S&P 500 Price-to-Earnings (P/E)



Data is as of 10.5.2026. Source: Bloomberg L.P. Dotted line represent average while straight lines represent standard deviations.

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Meanwhile, we remain disciplined in our investment process, considering market and macro variables, yet not prognosticating. We continue to aspire to generate market outperformance with below-average risk over time. Our process is driven by EOG's four pillars: above-market profitability, secular and corporate growth, balance sheet strength, and attractive valuations. The portfolio remains built around stocks that we believe can compound returns through various market environments. We remain mindful that market volatility can create both opportunities and risks, which we believe makes adherence to our consistent investment process paramount to best service our clients. As we invest in our strategies alongside our clients, we hope you agree with our shared approach and common goals.

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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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 Equal Weight Index (EWI)** tracks the exact same 500 companies as the standard S&P 500, but gives every company a fixed weight of 0.2% at each quarterly rebalance, rather than weighting them by market capitalization.

The **U.S. Generic Govt 10-Yr Index (USGG10YR)** refers to the benchmark index tracking the market yield of the 10-Year U.S. Treasury Note.

Technical Terms: **Gross Domestic Product (GDP)** is the total monetary value of all final goods and services produced within a country's borders during a specific period. **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 **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 Magnificent Seven stocks are a group of high-performing and influential companies in the U.S. stock market: Alphabet, Amazon, Apple, Tesla, Meta Platforms, Microsoft, and NVIDIA. **The Infrastructure Investment and Jobs Act (IIJA)** is a five-year, \$1.2 trillion infrastructure package that was signed into law in November 2021. (Technical definitions are sourced from Corporate Finance Institute.)

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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

- 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 include, but are not limited to, the following: Market Risk, Management Risk, Market Disruption and Geopolitical Risk, Company Specific Risk, Equity Securities Risk. For a full list of strategy risks, please reference Sterling Capital Management's Form ADV, Part 2A.
- Sterling Capital Management LLC (SCM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. SCM has been independently verified for the periods 01/01/2001-12/31/2024. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. Benchmark returns are not covered by the report of the independent verifiers. GIPS® is a registered trademark of the CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.
- SCM is a registered investment advisor with the U.S. Securities & Exchange Commission (SEC). Registration does not imply a certain level of skill or training. SCM manages a variety of equity, fixed income and multi-asset portfolios. Prior to January 2001, SCM was a wholly-owned subsidiary of United Asset Management (UAM). In January 2001, SCM purchased all the assets and business of Sterling Capital Management Company from UAM to become an employee-owned firm. In April 2005, BB&T Corporation (BB&T) purchased a majority equity ownership stake in SCM. In October 2010, the management group of SCM entered into an agreement with BB&T that reduced and restructured management's interest in SCM. Additionally, BB&T Asset Management merged into SCM. In January 2013, CHOICE Asset Management merged into SCM. In August 2015, eight new employees joined SCM via Stratton Management Company following the close of BB&T's purchase of Susquehanna Bancshares. In December 2019, BB&T and SunTrust Banks, Inc. Holding Company merged as equals to form Truist Financial Corporation (Truist). SCM was then a wholly-owned subsidiary of Truist. In August 2020, eight new employees joined SCM via the Investment Advisory Group of SunTrust Advisory Services. In July 2024, Guardian Capital U.S. Asset Management (formerly Guardian Capital LLC), a wholly-owned subsidiary of Guardian Capital Group Limited (Guardian), completed the acquisition of SCM from Truist. In March 2026, Desjardins Group completed its acquisition of Guardian Capital Group Limited. SCM is now an indirect, wholly-owned subsidiary of Desjardins Global Asset Management Inc., which is part of the Desjardins Group.
- The performance presented represents past performance and is no guarantee of future results. Market and economic conditions vary from year to year and can result in a decline in market value due to material market or economic conditions. Please refer to the slide titled "Performance" for the one-, five-, and ten-year returns of the composite.
- A complete list of all of SCM's composites and SCM's broad distribution pooled funds and their descriptions is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Composite Reports are available upon request.
- Performance reflects reinvested interest income and dividends and realized and unrealized capital gains and losses. 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 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.
- 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.
- 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.