Focus Equity SMA Commentary

4th Quarter 2023

Quarterly Review

Performance	QTR	YTD	1YR	3YR	5YR	Since Inception[1]
Sterling (Gross)	22.96%	44.12%	44.12%	3.58%	16.76%	16.08%
Sterling (Net)	22.11%	40.03%	40.03%	0.55%	13.38%	12.72%
Russell 1000® Growth Index	14.16%	42.68%	42.68%	8.86%	19.50%	16.30%

Performance and Market Update

Focus Equity's gross results for both 4Q23 (+22.96% gross, +22.11% net) and full calendar year 2023 (+44.12% gross, +40.03% net) surpassed *every* U.S. Russell index style box and *all* major international equity benchmarks, according to Strategas. The strategy achieved these results despite facing a calendar year (CY) 2023 performance headwind *>1800 basis points (bps)* from the "Magnificent Seven" stocks, since Focus Equity didn't own the top three performers in that cohort and was underweight the rest.[2]

Led by the "Magnificent Seven" stocks, which in aggregate created one of the stiffest market headwinds for the Focus Equity strategy since its inception, the 4Q23 and CY23 periods were generally strong for markets as U.S. benchmarks bounced back from 2022 weakness. The Russell 1000® Growth Index rose +14.16% in 4Q23 and +42.68% in CY23. Typifying public markets, these advances did not trace a straight line up as Q4 kicked off with a weak October followed by abrupt, strong rallies in November and December. Peering past commentators citing a Santa Claus Rally,[3] we saw the fiscal and monetary policy updates in both months as more meaningful market accelerants. First, in November, the Treasury took upward pressure off rising long-term market rates by announcing it would fund fiscal deficits with less issuance at longer tenors.[4,5] Second, in December, Federal Reserve (Fed) officials changed their hawkish stance by articulating concerns regarding an overly restrictive monetary policy. The officials offered comments we interpreted as signaling their growing sense that inflation is under control, and that cuts to policy rates could come as soon as early 2024.[6,7] In our view, both updates were intended to reduce long-term market rates. They also supported our thesis that macro fog is beginning to clear as interest rate cross-currents shift from headwinds to tailwinds. We think lower rates can enhance market valuation multiples in the short run and ultimately reduce the cost of capital to accelerate growth in the long run.

[1]Inception date is 12.31.2015. Data is as of 12.31.2023. The benchmark is the Russell 1000 Growth. Effective 06.30.2023, 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 Sterling'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.

[2]Investors. The "Magnificent Seven" refers to a group of high-performing U.S. stocks in the S&P 500 Index comprised of Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla.

[3]The Wall Street Journal. The Santa Claus Rally is the tendency for the stock market to increase during the Christmas season.

[4]U.S. Department of the Treasury.

[5]Nasdaq.

[6]The Federal Reserve.

[7]Reuters.

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At the micro level where we focus most of our diligence efforts, we are already witnessing stabilization and growth across our portfolio companies. To better illustrate our point, we've included fundamental updates on several Focus Equity holdings later in this commentary. Lapping the strength of 2023's market and recalling the depths of 2022's weaker conditions, it's important to emphasize what *hasn't* changed. Markets rise and fall, but Focus Equity, and by extension our Equity Opportunities Group, aim for *consistent* execution of our team's investment framework, which features long-term concentrated ownership of high-quality companies we think can generate mid-teens returns over many years. As a proof statement of our process, Focus Equity's since-inception results have compounded ahead of our mid-teens underwriting assumptions and remained less correlated to public indices that are highly weighted to companies outside the strategy. For example, the S&P 500® Index finished 2023 at its *most concentrated level in >40 years*, and Focus Equity *did not own seven* of the index's largest ten companies.[8,9] We believe the Focus Equity investment roster remains differentiated and well positioned for the long term.

4Q23 Attribution

Leading Contributors	Portfolio Weight	Gross Contribution to Return	Net Contribution to Return
Adyen N.V. Unsponsored ADR	12.62	8.11	8.02
S&P Global, Inc.	8.59	1.90	1.84
Shopify, Inc. Class A	4.23	1.79	1.76
IDEXX Laboratories, Inc.	5.97	1.49	1.45
Microsoft Corporation	6.61	1.49	1.44

Sources: FactSet; Sterling Capital Management Analytics.

Following our intensified engagement with **Adyen** management during Q4, we applaud their implementation of what we believe are public market best practices. Concisely put, Adyen enhanced investor transparency by upgrading quarterly reporting while also clarifying more concrete medium-term guidance through 2026.[10] Adyen reported +22% revenue growth in 3Q23, we believe indicating accelerating business momentum and mollifying investor fears regarding PayPal's aggressive price competition.[11,12] New medium-term guidance featured a +25% midpoint for annualized net revenue growth through 2026 with >50% earnings before interest, taxes, depreciation, and amortization (EBITDA) margins exiting the forecast horizon. We believe these targets are conservative and see potential for increased operating leverage. This is partly through the continuation of growth efficiencies we are already witnessing as 2023 business trends accelerate, despite lower-than-expected headcount expense. In a large >$2T payments market, we think Adyen has merchant wallet share gain opportunity across all segments, especially in the digital payments niche, growing >20% compound annual growth rate (CAGR) through 2030.[13,14] Innovative partnerships may also enhance Adyen's growth, and we think new relationships with leading industry peers in growing niches like Pay-by-Bank (Plaid),[15] Buy-Now-Pay-Later (Klarna),[16] and financial automation software (BILL)[17] illustrate not only the strength of Adyen's brand and its desirability as a partner, but also the company's durable position as a growing payments leader driving value for merchant clients worldwide.

[8]Billelo.
[9]J.P. Morgan.
[10,11]Adyen Company Reports.
[12]Bloomberg L.P.
[13]McKinsey & Company.
[14]Grand View Research.
[15,16,17]Adyen Company Reports.
Please refer to the Performance Disclosure found on page 9.

We believe **S&P Global** is hitting its stride after all five business segments printed accelerating growth in Q3.[18] Particular strength in Ratings (revenues +20% year-over-year (y/y)) and Sustainability & Energy Transition (+36% y/y) led top-line trends while margins expanded ~100 bps, with delivered cost synergies from the IHS Markit deal nearing a $600MM target. Profit margin profiles for the five post-merger segments range from 35% to 69%.[19] Debt issuance was strong, especially in high yield, bank loans, and structured finance. The Market Intelligence segment saw +8% y/y growth, reflecting resilience despite macro uncertainty. Strong sales activity enabled annual contract value (ACV) growth, an indicator of forward business momentum, to exceed revenue growth. We think S&P Global continues to execute well on IHS Markit synergy extraction while navigating an uncertain macro backdrop. Management raised guidance, and we see future results supported by resilient subscription-based businesses and the recovery underway in issuance markets.

In Q4, we met **Shopify** founder Tobi Lütke along with executive management to better clarify key long-term revenue and profit growth drivers.[20] Shopify delivered strong third quarter results with +25% revenue growth, driven by +22% gross merchandise value (GMV) expansion to $56B.[21] Operating income inflected positively to reach $122MM compared to a prior year loss, reflecting disciplined cost control and the 16% free cash flow (FCF) margin. Growth remains broad-based across online commerce, offline retail, and business-to-business (B2B), with tailwinds in international markets where Shopify continues share gains. We believe the company sees momentum for their fourth quarter results, guiding for high-teens top-line expansion despite tougher comparisons last year. While shifts in merchant and product mix weigh modestly on near-term revenue growth, we believe Shopify's track record of innovation provides confidence that new products and greater pricing leverage over time will translate merchant success into durable top- and bottom-line growth.

IDEXX reported solid Q3 results with +8% organic revenue growth and +16% comparable earnings per share (EPS) growth.[22] Key business metrics remained strong, including +9% growth in recurring Companion Animal Group (CAG) diagnostics revenues, supported by strong price increases, double-digit gains in the international premium instrument installed base, and +13% growth in veterinary software revenues. However, U.S. clinical veterinary visits declined -2% versus expectations of flattening growth, which was attributed primarily to capacity constraints and macro impacts on wellness visits. Despite the visit headwinds, IDEXX maintained solid U.S. CAG diagnostic recurring revenue growth of +8% and raised full year EPS guidance. We think upcoming catalysts include the possible introduction of a new analyzer platform with enhanced testing capabilities and over 200,000 estimated premium instrument placement opportunities globally. Though we expect continued pressure on vet visits, we see price increases and diagnostics utilization gains supporting high single-digit recurring diagnostic revenue growth.

[18,19] S&P Global Company Reports.
[20,21] Shopify Company Reports.
[22] IDEXX Company Reports.
Please refer to the Performance Disclosure found on page 9.

Microsoft reported strong results with revenue growing +13% y/y, led by +29% Azure revenue expansion.[23] We're impressed by the increasing contribution from artificial intelligence (AI) services, now at a revenue run rate of $1.7B, a level it took Microsoft nearly eight years to achieve with Azure. Operating margins expanded ~500 bps from cloud acceleration. Microsoft closed the Activision Blizzard acquisition, which we think significantly expanded its gaming content portfolio and user base.[24] We also tuned into the Ignite developer conference with optimism regarding Copilot generative AI and Maia custom silicon product introductions, as we see both driving 2024 revenue for Microsoft's comprehensive cloud tech stack offerings.[25]

Leading Detractors	Portfolio Weight	Gross Contribution to Return	Net Contribution to Return
Veeva Systems Inc Class A	4.02	-0.44	-0.47
Old Dominion Freight Line, Inc.	2.77	-0.07	-0.09
Mastercard Incorporated Class A	0.16	0.01	0.01
Okta, Inc. Class A	3.85	0.08	0.05
Synopsys, Inc.	1.74	0.25	0.24

Sources: FactSet; Sterling Capital Analytics.

In Q4, we attended **Veeva**'s Investor Day when management clarified its strategic growth playbook.[26] The team noted some softness in services revenue amid macro uncertainty, primarily impacting their outlook for the emerging biotech client cohort, but we feel that the initial 2025 revenue guidance is still ahead of management's long-term financial plan.[27] Veeva reported strong results, in our view, with +14% normalized revenue growth displaying continued momentum across commercial, development, and data cloud offerings alongside several significant customer wins.[28] Despite near-term services headwinds, we think healthy sales pipeline momentum, consistent subscription revenue trends, and reiterated 2025 financial targets suggest confidence in durable growth within the large $20B life sciences addressable market, even when excluding possible extension opportunities into adjacent industries over time. With a differentiated platform driving the standardization and integration of software and data with a proven operating model, we believe Veeva is well positioned to deliver consistent mid-teens growth over several years.

Amid choppier macros, we believe **Old Dominion** used disciplined execution to report strong earnings.[29] Key performance indicators (KPIs) generally eclipsed ten-year historical averages. 3Q23 revenue, tonnage, and shipments per day grew +8.9%, +3.6%, and +5.7% quarter-over-quarter (q/q) respectively, versus historical averages of +2.9%, +0.7%, and +1.8% q/q. Old Dominion management attributed some of the trend improvement to gains from its peers, including Yellow Corporation's bankruptcy and a temporary boost from Estes Express Lines' customer diversion after the latter suffered a cyberattack.[30,31] According to their CFO on the 3Q23 earnings call, management expects incremental gains from competitors' service deterioration, and Old Dominion plans measured growth by selectively pricing and adding freight capacity. To stay prepared for harder markets, we believe Old Dominion was steadfast in preserving labor through the soft market, such as keeping drivers in dock positions to dampen the need for rehiring and retraining in a recovery. Management also described service failures at competitors that had insufficient labor to properly handle the influx of Yellow Corporation's volumes, which we think could contribute, along with industry-wide volume recovery, to stronger growth in 2024.

[23]Microsoft Company Reports.
[24]Reuters.
[25]Microsoft Company Reports.
[26,27,28]Veeva Company Reports.
[29]Old Dominion Company Reports.
[30]Epiq Cases Report.
[31]Freightwaves; Estes Express.
Please refer to the Performance Disclosure found on page 9.

We discuss **Mastercard** and **Synopsys** in the *Portfolio Changes and Diligence Update*.

Okta delivered strong third quarter results, with +21% total revenue growth y/y driven by +22% subscription revenue growth.[32] Key metrics remained healthy, including a dollar-based net retention rate of 115% and record FCF of $150MM at 26% margin. Strength was broad-based across customer cohorts, especially large enterprise which grew >40%. Macro headwinds stabilized, although deal durations remain compressed. Okta took ownership of recent security incidents and initiated focused remediation plans to strengthen defenses. This led to pushing most new product launches out 90 days except for the December Privileged Access Management launch.[33] Fiscal 2024 raised revenue outlook to +21% growth and 19% FCF margin, achieving The Rule of 40.[34] Preliminary fiscal 2025 targets of +10% revenue growth and ~17% operating margin reflect prudent expectations for lingering macro impacts and increased security investments. We think the recent appointments of a permanent chief revenue officer and chief marketing officer could enhance go-to-market confidence for the sales force to bolster near-term revenue growth.[35]

Portfolio Changes and Diligence Update

In Q4 we exited Focus Equity's longstanding position in **Mastercard,** held since the strategy's inception eight years ago. We still regard the industry and the company's business model as attractive, featuring double-digit revenue growth, >20% EPS growth, and 58% profit margins.[36] However, we also acknowledge Focus Equity's ongoing payments exposure elsewhere in the strategy. Moreover, we see the competitive landscape rapidly changing as innovative disruptors gain share with more efficient platform technology typically offered at lower cost to merchants.[37] In addition, we think new rulemaking including the Consumer Financial Protection Bureau's personal data rights[38] and the U.S. Congress' swipe fee regulations[39] may conspire to reduce Mastercard's transaction yields and data protections, further catalyzing the growth of new payment industry flows. Paradoxically, the U.S. Federal Government is among the new payments disruptors, as its own FedNow real-time payment platform offers processing at rates that are a fraction of legacy network levels.[40]

In Q4, we added new positions in Electronic Design Automation (EDA) industry leaders **Cadence Design Systems** and **Synopsys.** Both companies offer software tools used to design and layout semiconductor devices and larger electronic systems, such as printed circuit boards (PCBs). EDA companies offer products and services that strive to help customers by optimizing performance, minimizing power consumption, shortening the time to bring products to market, improving engineering productivity, and reducing development and manufacturing costs. Customers include chip manufacturers as well as system designers. We think there are multiple secular drivers boosting demand for the productivity benefits EDA delivers.

[32,33]Okta Company Reports. The Privileged Access Management Launch provides unified access and governance for privileged resources and increases visibility, compliance and security without compromising user experience.
[34]McKinsey & Company. The "Rule of 40" is a rule of thumb to analyze the health of a software/SaaS business and is achieved when the revenue growth rate and EBITDA profitability exceed 40%.
[35]Okta Company Reports.
[36]Mastercard Company Reports.
[37]EY.
[38]GT Law; CFPB.
[39]U.S. Senator Durbin.
[40]The Federal Reserve.
Please refer to the Performance Disclosure found on page 9.

First is increased specialization, as chip designs propagate in more industries (e.g., electric vehicle chip content can be 2-3x its internal combustion engine predecessor). Second is increased complexity, as each generation of integrated circuits (IC)[41] has more content at smaller feature sizes. Third, democratized design motions are proliferating as historic oligopolies (such as Intel and Advanced Micro Devices for logic ICs) increasingly cede share to designs coming from third-party system original equipment manufacturers (such as Google Tensor).[42] Design demand is broadening and diversifying in our view, and we believe Cadence Design Systems and Synopsys are expanding their strategies to build on EDA foundational strength to become broader computational software and service providers.

Outlook

Last quarter, we acknowledged a narrowing runway for a U.S. economic soft landing scenario.[43] Since penning our letter, more recent data indicates the Fed has made real progress towards taming inflation without inflicting major damage to the job market, smoothing our domestic economy's flight path and rendering this scenario increasingly conceivable, in our opinion.[44] Forward-looking investor optimists began pricing it into markets in Q4.[45] While we're observing fundamental momentum building at our portfolio companies, we're cognizant that one quarter does not make a trend, and consistent execution of corporate growth playbooks at the micro level must be paired with sustained progress in macros like inflation and employment. It is through this market lens that we view our Focus Equity holdings. We consider each, often for different reasons, as competitively advantaged in the wake of 2022's market chastening, which we believe starved smaller pre-profit competitors of growth capital.[46,47] Survivors of that cycle (including Focus Equity holdings) have already reduced expenses to self-fund their growth strategies. In 2024, we believe our portfolio companies face cleaner competitive landscapes that are less littered with undisciplined upstarts. Put simply, we believe our companies have increased control of their own destiny, right at a time when there's a Cambrian explosion of AI innovation helping accelerate their journey ahead.[48] We're excited for 2024.

However, we acknowledge we're only months removed from 2023's regional bank run, where we saw more assets fail than the Great Financial Crisis of 2008.[49] Ongoing conflicts in Ukraine, Israel, and Taiwan keep geopolitical risks on front pages worldwide.[50] With cautious respect for these near-term challenges and abiding long-term optimism, we believe Focus Equity remains well positioned. One proof statement informing our view is Russell index performance data for the past decade which shows Large Growth compounding annually at a mid-teens rate, faster than Large Value by over 75%, and Small Growth and Value by more than 2:1.[51] Large Growth outperformed *every* combination of size and style not only since the market's pre-pandemic peak, but also since its pandemic low. Those figures help validate our view that, despite macro fog, Focus Equity is positioned within an attractive and durable market segment over the long term. Our journey continues.

[41]Statista.
[42]Google.
[43]Brookings.
[44]Reuters.
[45]SAS Analytics.
[46]KPMG.
[47]EY.
[48]Cambrian AI Research.
[49]The New York Times. The Great Financial Crisis of 2008 resulted from the global financial crisis and the bursting of the U.S. housing bubble.
[50]The Economist.
[51]J.P. Morgan.

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4th Quarter 2023

We'll close with a reminder that we continue to value ownership mindsets. To that end, it's important to reemphasize that Focus Equity remains your portfolio manager's largest family investment. Put simply, we eat our own cooking and are strongly incentivized to continuously protect and grow your Focus Equity investment.

Just below the text of this letter, you will find Focus Equity's quarter-end position list. The strategy remains concentrated in 21 active positions with 42% of assets in the top five, 67% in the top ten, and 87% in the top 15 positions. We have relatively few eggs but watch our basket closely.

Thanks for your trust and investment in us.

Colin Ducharme

Colin Ducharme, CFA®

Portfolio Manager

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December 31 2023 Positions[52]

Adyen	14.5%
S&P Global	8.4%
CoStar	7.2%
IDEXX	6.2%
Microsoft	6.1%
Atlassian	5.5%
Amazon	5.2%
Hubspot	5.0%
ServiceNow	4.6%
Shopify	4.6%
Alphabet	4.5%
Workday	4.1%
Okta	4.0%
Veeva	3.8%
HEICO	3.0%
MSCI	2.8%
Old Dominion	2.5%
Unity	2.1%
Cadence	1.7%
Synopsys	1.6%
Casella Waste	1.6%
Cash	1.0%

Top 5 Total	42.4%
Top 10 Total	67.3%
Top 15 Total	86.7%
Top 20 Total	97.4%

[52]Representative 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

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 Disclosure: Effective 06.30.2023, 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 Sterling’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.

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 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 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: The **compound annual growth rate (CAGR)** is the rate of return (RoR) that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each period of the investment’s life span. **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 stripping out the non-cash depreciation and amortization expense as well as taxes and debt costs dependent on the capital structure, EBITDA attempts to represent cash profit generated by the company’s operations. **Free cash flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets. Unlike earnings or net income, free cash flow is a measure of profitability that excludes the non-cash expenses of the income statement and includes spending on equipment and assets as well as changes in working capital from the balance sheet. **Gross merchandises value (GMV)** is the total value of merchandise sold over a given period of time through a customer-to-customer (C2C) exchange site. It is a measure of the growth of the business or use of the site to sell merchandise owned by others. **Key performance indicators (KPIs)** refer to a set of quantifiable measurements used to gauge a company’s overall long-term performance. KPIs specifically help determine a company’s strategic, financial, and operational achievements, especially compared to those of other businesses within the same sector. (Technical definitions are sourced from Corporate Finance Institute.)

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Sterling Capital Focus Equity SMA

	Total "Pure" Gross Return AWR	Total Net Return AWR	Benchmark	3Yr Ex-Post Std Dev Composite Gross	3Yr Ex-Post Std Dev Benchmark	Internal Asset Wtd. Dispersion	Number Of Portfolios	Composite Assets (MM)	Total Firm Assets (MM)
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	10.54%	Not Calculable	5	0.9	55,908
2016	12.24%	8.99%	7.08%	< 3 Years	11.15%	Not Calculable	4	0.5	51,603

Benchmark: Russell 1000® Growth Index Composite Creation Date: 08.03.2018 Inception Date: 01.01.2016

1. 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.
2. Sterling Capital Management LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Sterling Capital Management LLC has been independently verified for the periods 01/01/2001 to 12/31/2022. 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.
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4. 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.
5. 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.
6. 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.
7. "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. As of 6/30/23, the composite model fee was updated to 3.00% annually for all periods presented. Prior to this change, the net of fees returns reflected the maximum bundled external platform fee of 2.52%. From 9/1/18 through 12/31/20, the net of fees returns reflect actual SMA fee of the individual account. Prior to 8/31/18, gross of fees returns reflect the deduction of trading costs. Net returns were calculated by subtracting the applicable SMA fee (2.57% on an annual basis or 0.21% per month) on a monthly basis from the gross return. 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 Sterling's actual management fee of 0.27%. Sterling's actual management fees are 27 basis points 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.
8. 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.
9. 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.
10. 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.