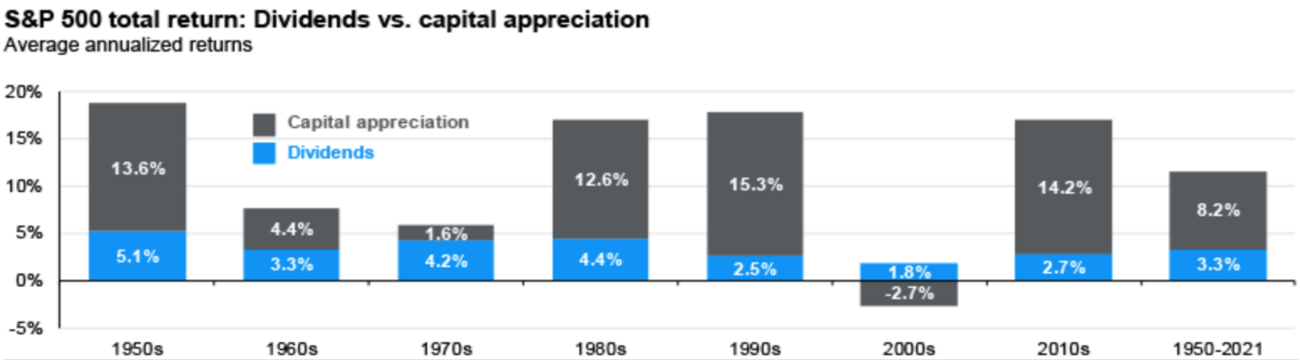
Equity Income SMA Commentary

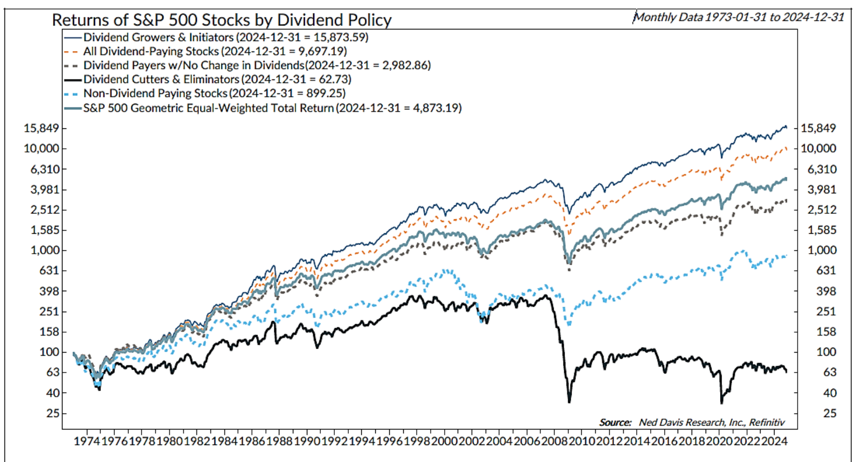
4th Quarter 2024

Dividends matter – that's the simple philosophy underlying the Sterling Capital Equity Income portfolio. From 1950-2021, the S&P 500® Index appreciated (price only) at a 8.2% compound rate, while total return (including reinvested dividends) was 11.5% per year. If that 3.3% per-year difference sounds trivial, consider the beauty of compounding over those 71 years. An $100 investment at 12.31.1950 would have grown to $26,924 from price appreciation alone, but to $227,256 assuming reinvestment of all cash flows. Reinvested dividends provided nearly 29% of the stock market's total return over time.



Source: J.P. Morgan Asset Management

To maximize our perceived odds of investment success, we go two steps further in selecting companies for our portfolio. First, we consider only those stocks whose prevailing dividend yield is above that offered by the S&P 500, and second, we require that dividends have grown for at least three consecutive years or in six of the last ten years. As Ned Davis Research shows below, stocks that are able to increase payouts over time outperform the overall stock market as well as the no-dividend stocks which often garner the most attention. Once again, the difference is meaningful: dividend growers offered a 10.2% compound return for over 50 years, compared to 7.8% for equally-weighted members of the S&P 500, 4.3% for no-yield constituents, and a woeful -0.9% for companies that cut their dividends.



Returns Based on monthly equal-weighted geometric average of total returns of S&P 500 component stocks, with components reconstituted monthly.

Portfolio Performance Statistics
Analysis Dates: 1973-01-31 - 2024-12-31

Portfolio	Gain/Annum %	Growth of $100
Dividend Growers & Initiators	10.2	15873.6
All Dividend-Paying Stocks	9.2	9697.2
Dividend Payers w/No Change in Dividends	6.8	2982.9
Dividend Cutters & Eliminators	-0.9	62.7
Non-Dividend Paying Stocks	4.3	899.2
S&P 500 Geometric Equal-Weighted Total Return	7.8	4873.2

S09 Source: Ned Davis Research.

Index performance of the S&P 500 is for illustrative purposes only. The volatility of an index varies greatly. Indices are unmanaged and investments cannot be made directly in an index.

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Quarterly Review

Performance	QTR	YTD	1YR	3YR	5YR	10YR	Since Inception[1]
Sterling (Gross)	-4.90%	5.82%	5.82%	5.37%	10.04%	10.56%	10.12%
Sterling (Net)	-5.61%	2.75%	2.75%	2.31%	6.85%	7.36%	6.93%
Russell 1000® Value Index	-1.98%	14.37%	14.37%	5.63%	8.68%	8.49%	7.38%

After four consecutive years of competitive performance in up and down markets, 2024 resulted in underperformance relative to the benchmark. For the quarter, the Equity Income strategy returned -4.90% on a gross basis and -5.61% on a net of fee basis relative to the -1.98% return for the Russell 1000® Value Index. Challenges this year were due to:

- Style headwinds for our quality orientation, focus on strong balance sheets, and dividend growth orientation;
- Historic headwinds for economic sectors where we have maintained higher long-term exposure relative to the benchmark;
- Underperformance of our longer-term holdings during the year.

We will address each of these issues in detail for the year and most recent quarter. In addition, we will discuss the actions we have taken to address stock selection and our optimism for Equity Income positioning as we enter 2025.

First, while several of our four investment pillars provided a tailwind stylistically during the quarter and the year, our dividend growth and quality orientation were headwinds. While both provide benefits according to the long-term Ned Davis Research work on our investment pillars, over the shorter-term period, they did not. We will discuss in the *Outlook* section how our dividend growth orientation can be viewed as an opportunity but was a headwind in 2024.

[1]Inception date is 12.31.2000. Data is as of 12.31.2024. The benchmark is the Russell 1000 Value. 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. 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 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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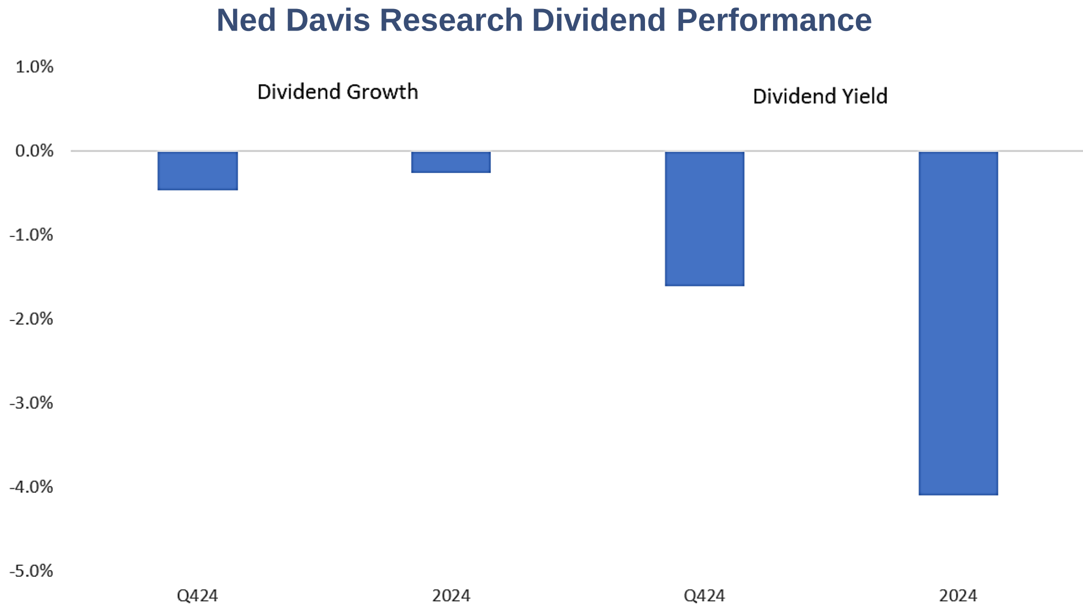

Source: Ned Davis Research. All data is as of 12.31.2024 unless otherwise stated.

Typically, the Federal Reserve (Fed) will cut rates during difficult economic times to stimulate the economy. However, with the stock market at an all-time high in 2024, the economy at full employment, and gross domestic product (GDP) growth above 2%, the Fed cut rates 50 basis points in one fell swoop, driving the market to valuations not seen since the late 1990s. For our quality and earnings-focused approach, this proved to be a challenging combination. For context, the following table shows the performance in Q4 and 2024 for stocks based on S&P quality measures, return on equity (ROE) and balance sheet leverage, with higher-quality stocks receiving higher letter grades. The bottom two rows illustrate how low-quality stocks rated B or below outperformed higher-quality stocks rated B+ or better by +11% over the course of the year, with similar results over the past three months. In sum, owning quality companies with low debt levels was challenging in 2024, according to BofA Global Research.

Quality Indices	1 M	3 M	6 M	12 M	YTD
A+	-7.11	-5.08	3.51	6.37	6.37
A	-6.31	-2.20	7.78	8.65	8.65
A-	-7.64	-4.45	5.26	8.12	8.12
B+	-6.46	-3.08	6.00	8.61	8.61
B	-6.83	-1.36	5.80	7.61	7.61
B-	-4.52	0.53	6.56	5.65	5.65
C&D	-7.55	-1.31	9.93	10.91	10.91
Not Ranked	-7.25	1.84	8.79	27.18	27.18
B+ or Better	-6.76	-3.39	5.96	8.79	8.79
B or Worse	-6.72	0.73	7.96	19.29	19.29

Sources: BofA Global Research; Sterling Capital.

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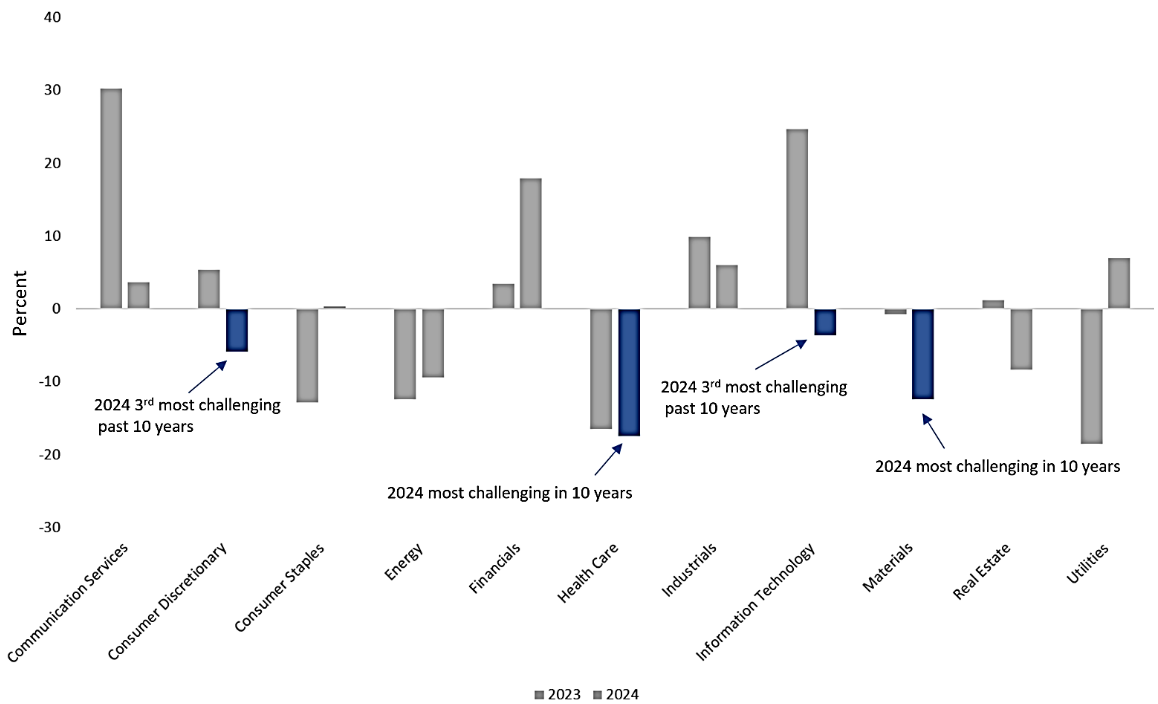
In previous years, we have been able to offset style headwinds through stock selection, but that was not the case this year. The first reason for our challenged stock selection was that we started the year in economic sectors that experienced historic performance challenges this year. We have long-term overweights in areas such as healthcare and technology relative to our benchmark. These sectors within the Russell 1000 Value underperformed to a degree infrequently seen over the past decade. Healthcare underperformed despite growing earnings at the same rate as the benchmark in 2024. We would note that the performance in the chart shows the benchmark performance itself, not our strategy. In short, these sectors were tough neighborhoods to generate returns.

Russell 1000 Value Returns by Sector



In each sector, 2023 is the left-hand bar and 2024 is the right-hand bar. The Equity Income overweight sectors are in blue. Source: Bloomberg L.P.

Within those neighborhoods, we saw notably challenged performance from holdings that we started the year with and have held for a decade, on average. We believe that we gain an advantage by having an investment timeframe longer than the average investor, which according to the New York Stock Exchange, owns a stock for only five and a half months. This group of stocks has contributed to overall performance in recent years but were challenged this year on a relative basis. What actions did we take? In several instances this year, we sold positions such as CVS and UPS and redeployed capital when the fundamentals deteriorated. In terms of more recent purchases such as Nike, we acknowledged a more challenging turnaround and sold our position. In the cases of technology and consumer staples, we added capital when founders returned to run the company or trimmed if fundamentals deteriorated, consistent with our process for managing operating earnings growth.

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Fourth quarter performance was particularly challenged within healthcare as our managed care companies were under attack from the reimbursement environment. We detail the holdings in the following *Attribution* sections. We would note that, while short-term uncertainty impaired the performance of our top five detractors in the fourth quarter, we believe their underlying long-term financial strength appears strong as they are growing their dividends over 30% faster than the average company in the S&P 500® Index. We would compare the financial strength of companies with the top five performers in our benchmark that don't pay dividends and failed to earn an annual profit at some point over the past three years.

The outcome for 2024 was more in line with the pattern of performance for Equity Income over the past 20 years given its quality orientation. The following table highlights how the strategy has changed in various up and down markets, especially when the benchmark returns double digits.

Equity Income SMA Outperformance versus the Russell 1000 Value

	% of Monthly Periods Outperformed when Benchmark is Negative		Average Return During Negative Benchmark Year		Average Excess Return	
	Pure Gross	Net	Pure Gross	Net	Pure Gross	Net
Sterling Capital Equity Income SMA	93%	79%	-6.59%	-9.34%	5.91%	3.16%
Russell 1000® Value Index	-		-12.50%	-12.50%	-	

	% of Monthly Periods Outperformed when Benchmark is 0% - 10%		Average Return When Benchmark 0% - 10%		Average Excess Return	
	Pure Gross	Net	Pure Gross	Net	Pure Gross	Net
Sterling Capital Equity Income SMA	84%	65%	8.99%	5.83%	4.10%	0.94%
Russell 1000® Value Index	-		4.89%	4.89%	-	

	% of Monthly Periods Outperformed when Benchmark > 10%		Average Return When Benchmark > 10%		Average Excess Return	
	Pure Gross	Net	Pure Gross	Net	Pure Gross	Net
Sterling Capital Equity Income SMA	55%	21%	20.65%	17.18%	-0.19%	-3.66%
Russell 1000® Value Index	-		20.84%	20.84%	-	

Sources: Russell Investments; eVestment Analytics; Sterling Capital Management Analytics.

While relative performance was challenged this year, our dedication towards our investment process and orientation toward primary research remain constant. This year, we plan to place even greater emphasis on stocking a portfolio of holdings that possess a trait we believe has made Equity Income successful over time, which is "thematic optionality." These are advantaged value companies that, due to secular demand trends, emerging products, or capital allocation decisions have future optionality that appear undervalued since the benefits may be realized beyond the time horizon of a typical investor. We believe owning these companies may provide more absolute appreciation and diversify the ways we can be successful. We have been evaluating "thematic optionality" in our current holdings.

Data is as of 12.31.2024. Inception date is 12.31.2000. 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 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.

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In the following graphics, we highlight our recent management meetings with holdings Avery Dennison and Aflac at the New York Stock Exchange. Both meetings enabled us to gain greater insight into the depth of management of each company, as seen in the panel discussions.

We believe the depth of company management was also evident at the MetLife Investor Day as well as the United Healthcare Investor Conference that was tragically cut short. The United Healthcare event was a good example of how we gained a greater appreciation for the quality of company management and how they handled a challenging environment. MetLife unveiled their New Frontier strategy where they increased their financial targets after successfully achieving their prior objectives.

Source: Chip Wittmann.

To summarize, quality, strong balance sheets, and dividend growth were challenged in 2024. Yet, as we have stated in the past, they have proven to be successful over the long term. We believe our sector exposure challenges were historic, but we expect them to normalize, and we took actions in the fourth quarter to reposition our energy weight. Regarding stock selection, we exited holdings with challenged fundamentals and continue to confirm our investment thesis through in-depth research and contrasting, positive long-term fundamental signals such as relative dividend growth versus short-term concerns. Finally, we strive to position the strategy for success by identifying differentiated companies with advantaged value and “thematic optionality.” We highlight several of these in our *Purchases* section. In terms of positioning, we believe our actions this past quarter have maintained the strategy’s quality focus while meaningfully reducing the valuation year-over-year (y/y).

As we look at attribution for the quarter and the year, we would note the average dividend growth for both sets of contributors and detractors. We believe the dividend growth rate of each cohort, which is either in line or ahead of the average dividend growth of the S&P 500 (7% as of year-end), portends each company’s optimism regarding the long-term fundamentals of their businesses.

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4Q24 Attribution

Leading Contributors	Portfolio Weight	Gross Contribution to Return	Net Contribution to Return
Raymond James Financial, Inc.	4.77	1.00	0.97
Charles Schwab Corp	4.96	0.53	0.50
Ameriprise Financial, Inc.	4.57	0.53	0.50
Automatic Data Processing, Inc.	4.62	0.30	0.26
Coterra Energy Inc.	2.06	0.24	0.23

Leading Detractors	Portfolio Weight	Gross Contribution to Return	Net Contribution to Return
Elevance Health, Inc.	4.68	-1.48	-1.52
Microchip Technology Incorporated	3.52	-1.09	-1.12
UnitedHealth Group Incorporated	5.27	-0.68	-0.72
CubeSmart	2.73	-0.59	-0.61
Booz Allen Hamilton Corp	3.00	-0.56	-0.58

Sources: FactSet; Sterling Capital Management Analytics.

Our best performers during the quarter were our wealth management positions **Raymond James**, **Charles Schwab**, and **Ameriprise**, all of whom experienced net new asset growth and improved cash funding positions given the trend in short-term rates. **Automatic Data Processing** performed well as they continued to win competitively with middle market companies. **Coterra** was a new addition that provided an immediate positive contribution through their savvy acquisition which occurred soon after our purchase. The average equally-weighted y/y dividend growth for our best performers was 7%.

Our largest detractor was **Elevance Health**, which we have owned for over a decade, that reported cost challenges in their Medicaid business. We expect them to address this issue through pricing actions later in 2025. **Microchip**'s earnings recovery has been delayed by continued weakness in global manufacturing and inventory issues. We believe these issues may be resolved by the reinstatement of the founder as their CEO who grew the company to its $30B market capitalization. **UnitedHealth** was impacted by the death of its CEO and subsequent concerns over its pharmacy benefit management unit. With its deep management team and relatively small pharmacy unit, we expect the company to rebound given the demand for Medicare Advantage, where it has the leading market share. **CubeSmart** was negatively impacted by the rise in rates during the quarter and tepid earnings guidance. **Booz Allen Hamilton** was negatively impacted by concerns that government efficiency programs could limit demand for their consulting services. However, we see solid demand given the need for cybersecurity and generative artificial intelligence (AI) to drive efficiency within the federal government. The average equally weighted y/y dividend growth for our worst performers was 10%.

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2024 Attribution

Leading Contributors	Portfolio Weight	Gross Contribution to Return	Net Contribution to Return
Ameriprise Financial, Inc.	4.28	1.48	1.35
Goldman Sachs Group, Inc.	2.94	1.30	1.21
Raymond James Financial, Inc.	3.56	1.30	1.20
Altria Group, Inc.	3.24	1.10	1.00
Nasdaq, Inc.	3.59	1.10	0.99

Leading Detractors	Portfolio Weight	Gross Contribution to Return	Net Contribution to Return
Microchip Technology Incorporated	3.65	-1.40	-1.51
Elevance Health, Inc.	4.78	-0.96	-1.10
CVS Health Corporation	0.83	-0.73	-0.76
Hershey Company	3.91	-0.58	-0.70
Air Products and Chemicals, Inc.	0.85	-0.53	-0.56

Sources: FactSet; Sterling Capital Management Analytics.

Ameriprise was our best-performing stock during the year as strong execution and deposit funding concerns that began at our purchase during the Silicon Valley Bank crisis continued to ebb. **Goldman Sachs** shares performed well after the company materially downsized its consumer effort to focus on its leading mergers and acquisitions (M&A) and trading franchise. **Raymond James** was a position established in 2024 that provided benefits during the year as advisor recruitment and cash returns to shareholders improved. **Altria** saw gradual improvement in its business volumes while also employing savvy capital allocation moves to monetizing its AB InBev investment. **Nasdaq**'s recent acquisition began paying dividends in financial services compliance, boosting the valuation for the shares. The average equally weighted y/y dividend growth for our annual best performers was 8%.

Microchip was our worst performer for 2024 as its semiconductor inventory levels created operational challenges. The founder, who has returned to the CEO position, has taken actions to reduce inventory and industry volumes appear poised to improve from the longest period of depressed levels seen since 1996. **Elevance Health** shares were negatively impacted by Medicaid cost trends in the second half of the year and may be addressed by repricing through the course of 2025. We owned **CVS** for seven years but sold it in 2024 as the company mispriced their Medicare Advantage business, leading to margin pressure for the next several years. **Hershey** underperformed due to concerns over the rising price of cocoa in addition to glucagon-like-peptide (GLP)-1 concerns. We believe these concerns are reflected in the valuation and are counter to the company's strong dividend growth. **Air Products and Chemicals** meaningfully reduced its dividend growth and stated at a JP Morgan conference they would increase the amount of debt leverage on the balance sheet, leading us to sell our shares during 2024. The average equally-weighted y/y dividend growth for our worst performers was 12%.

Please refer to the Performance Disclosure found on page 11.

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Purchases

- **Coterra Energy (CTRA)**: CTRA, which we have previously owned twice, is an oil and gas company engaged in the discovery and development of properties in Texas, Pennsylvania, and Oklahoma. CTRA is a low-cost provider in both the Permian Basin and the Marcellus Shale. We feel the opportunity in CTRA shares is evident in its valuation across a number of metrics, most notably in the replacement value of CTRA's Permian assets from recent M&A transactions. While natural gas is currently under pressure, it appears we can acquire the low-cost Pennsylvania and Oklahoma assets for little to nothing at all.
- **Rockwell Automation (ROK)**: ROK is a leading industrial automation hardware and software supplier that we believe may benefit from secular growth in the adoption of smart manufacturing. The company is one of only a few in the world who can offer a true end-to-end factory automation solution. We would note that the company holds a dominant market position in North America. We believe the demand for ROK's digital and hardware solutions may continue increasing at a relatively attractive rate from a combination of U.S. onshoring and political incentives (CHIPs and Science Act, Inflation Reduction Act, etc.) along with labor challenges and productivity benefits.
- **Chevron (CVX)**: CVX returns to Equity Income after a decade absence. It is the world's second-largest private-sector integrated oil and gas company by market capitalization.
- **Everest Group (EG)**: Through its subsidiaries, EG provides reinsurance and insurance products in the U.S., Bermuda, and international markets.
- **Becton Dickinson (BDX)**: Based in Franklin Lakes, New Jersey, BDX is a leading provider of medical supplies, devices, and equipment. The company has managed through weak trends in China and destocking in a key business line.

Removals

- **Nike (NKE)**: We exited the position as the company may need to devote considerable time and resources into improving its brand, product offering, and channel strategy. We believe all of these things will likely take time during a period when consumers' discretionary budgets are challenged.

Outlook

As we enter the year, we see elevated valuations and potential earnings risk in our benchmark. For perspective, in December, the Russell 1000 Value traded at the highest forward earnings multiple since the start of the century ex-COVID-19 on forecasted operating margins. Given the perceived risk in the benchmark, we have chosen to position our strategy with a focus on quality companies with strong balance sheets, operating earnings growth, and attractive valuations that enable companies to pay continued rising dividends.

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

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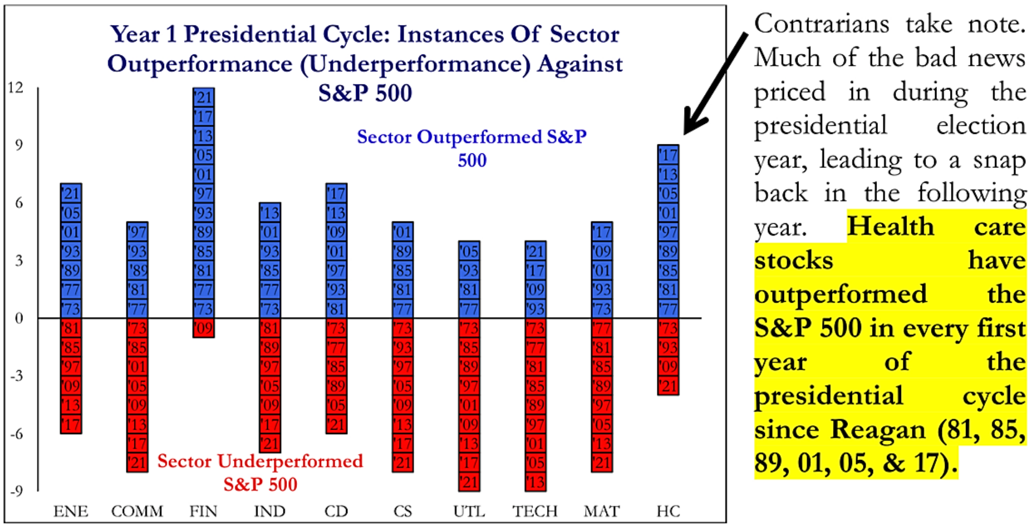
There is a certain confidence that can be gained in a strategy that produces higher cash payments (dividends) over time, with several noted in the prior section of this commentary. While stylistic features such as dividend growth can be challenged over the short term, as the opening Ned Davis chart that adorns every commentary depicts, dividend growers position clients to outperform over time.

Regarding dividends, in December, the Wall Street Journal noted how the market environment created stylistic challenges for dividend-oriented strategies and how it may position them to perform well in 2025. We believe Equity Income is also well-positioned with a dividend growth rate above the market due to the strong underlying fundamentals of our holdings.

In terms of sectors in 2025, we believe several of the headwinds that challenged sector performance may improve. We believe the following assessment from Strategas is noteworthy, particularly given the political environment we are entering this year.

Health Care Stocks Have Outperformed the S&P 500
in the First Year of a GOP President Since Reagan in 1981



Source: Strategas.

Finally, in contrast to more expensive stocks that we believe populate our benchmark, we found opportunities and value in several new "thematic options" such as Permian natural gas datacenter growth and domestic onshoring factory automation opportunities, which we outlined in the *Purchases* section. We believe these positions augment our other investment themes, such as wealth management and smarter devices, through increasing semiconductor content in everyday life. We believe that having these holdings within our four investment pillar and dividend growth framework have historically been a winning combination, and we look to replicate those results in the future.

Thank you for your investment and confidence in us.

Chip Wittmann, CFA®
Co-Portfolio Manager

Jeremy Lopez, CFA®
Co-Portfolio Manager

ENE: Energy, COMM: Communication Services, FIN: Financial Services, IND: Industrials, CD: Consumer Discretionary, UTL: Utilities, TECH: Information Technology, MAT: Materials, HC: Healthcare.

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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Sterling Capital does not provide tax or legal advice. You should consult with your individual tax or legal professional before taking any action that may have tax or legal implications.

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 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.

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

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

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.

Dividend Policies: Dividend Risk: Dividend yield is one component of performance and should not be the only consideration for investment. Dividends are not guaranteed and will fluctuate. This report should not be regarded by the recipients as a substitute for the exercise of their own judgment. It is important to review your investment objectives, risk tolerance and liquidity needs before choosing an investment style or manager. **Dividend Paying vs. Non-Paying:** Each stock's dividend policy is determined by its indicated annual dividend. We classify a stock as a dividend-paying stock if the company indicates that it is going to be paying a dividend within the year. A stock is classified as a non-payer if the stock's indicated annual dividend is zero. Prior to July 2000, the indicated annual dividends were updated on a quarterly basis. Since July 2000, the indicated annual dividends are updated on a daily basis, so the most up-to-date information is used. The index returns are calculated using monthly equal-weighted averages of the total returns of all dividend-paying (or non-paying) stocks. A stock's return is only included during the period it is a component of the underlying index. The dividend figure used to categorize the stock is the company's indicated annual dividend, which may be different from the actual dividends paid in a particular month.

Dividend Growing, No-Change-in-Dividend, and Dividend Cutting: Each dividend-paying stock is further classified into one of the three categories based on changes to their dividend policy over the previous 12 months. Dividend Growers and Initiators include stocks that increased their dividend anytime in the last 12 months. Once an increase occurs, it remains classified as a grower for 12 months or until another change in dividend policy. No-Change stocks are those that maintained their existing indicated annual dividend for the last 12 months (i.e., companies that have a static, non-zero dividend). Dividend Cutters and Eliminators are companies that have lowered or eliminated their dividend anytime in the last 12 months. Once a decrease occurs, it remains classified as a cutter for 12 months or until another change in dividend policy. (Source: Ned Davis Research).

Technical Terms: **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. **Mergers and acquisitions (M&As)** are the different ways companies are combined. Entire companies or their major business assets are consolidated through financial transactions between two or more companies. **Return on Equity (ROE)** is the measure of a company’s annual return (net income) divided by the value of its total shareholders’ equity, expressed as a percentage. Alternatively, ROE can also be derived by dividing the firm’s dividend growth rate by its earnings retention rate. (Technical definitions are sourced from Corporate Finance Institute.)

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STERLING CAPITAL

Sterling Capital Equity Income 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)
2023	13.45%	10.17%	11.46%	15.52%	16.51%	0.13%	478	$277	$66,746
2022	-2.54%	-5.40%	-7.54%	20.20%	21.25%	0.12%	511	$283	$62,842
2021	28.68%	25.00%	25.16%	18.17%	19.06%	Not Calculable	4	$439	$75,309
2020	7.17%	4.05%	2.80%	18.87%	19.62%	Not Calculable	4	$588	$70,108
2019	25.30%	21.71%	26.54%	11.32%	11.85%	Not Calculable	5	$739	$58,191
2018	-0.26%	-3.18%	-8.27%	11.01%	10.82%	Not Calculable	5	$619	$56,889
2017	20.54%	17.08%	13.66%	9.78%	10.20%	Not Calculable	4	$643	$55,908
2016	15.43%	12.10%	17.34%	10.40%	10.77%	Not Calculable	3	$989	$51,603
2015	-2.70%	-5.55%	-3.83%	10.20%	10.68%	Not Calculable	3	$1,100	$51,155
2014	4.61%	1.57%	13.45%	8.33%	9.20%	Not Calculable	3	$1,501	$47,539

Benchmark: Russell 1000® Value Index Composite Creation Date: 12.31.2000 Inception Date: 01.01.2001

1. Consists of all discretionary separately managed wrap Equity Income portfolios. SCM's Equity Income portfolios invest primarily in companies with a dividend yield greater than the S&P 500 and a history of growing the dividend, either three consecutive years or six of the prior ten years.
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.
3. Sterling Capital Management LLC (SCM) is a registered investment advisor with the U.S. Securities & Exchange Commission (SEC). Registration does not imply a certain level of skill or training. SCM manages a variety of equity, fixed income and multi-asset portfolios. Prior to January 2001, SCM was a wholly owned subsidiary of United Asset Management (UAM). In January 2001, SCM purchased all the assets and business of Sterling Capital Management Company from UAM to become an employee-owned firm. In April 2005, BB&T Corporation (BB&T) purchased a majority equity ownership stake in SCM. In October 2010, the management group of SCM entered into an agreement with BB&T that reduced and restructured management's interest in SCM. Additionally, BB&T Asset Management merged into SCM. In January 2013, CHOICE Asset Management merged into SCM. In August 2015, eight new employees joined SCM via Stratton Management Company following the close of BB&T's purchase of Susquehanna Bancshares. In December 2019, BB&T and SunTrustBanks, Inc. Holding Company merged as equals to form Truist Financial Corporation. SCM was then a wholly-owned subsidiary of Truist Financial Corporation. In August 2020, eight new employees joined SCM via the Investment Advisory Group of SunTrust Advisory Services. In July 2024, Guardian Capital LLC, a wholly-owned subsidiary of Guardian Capital Group Limited (Guardian), completed the acquisition of SCM from Truist.
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 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.
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 2.82%. Prior to 1/1/21, the net of fees returns reflect the actual SMA fee of the individual portfolios in each platform except for one platform where the maximum fee is deducted from the gross 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 2.82% annually and includes Sterling's actual management fee of 0.32%. Sterling's actual management fees are 50 basis points annually or less. Since inception, the composite is 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. The appropriate benchmark is the Russell 1000® Value Index. The Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S equity universe. It includes those Russell 1000® companies with lower price-to-book ratios and lower expected 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.
11. 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.