Focus Equity SMA Commentary

4th Quarter 2025

Quarterly Review

Performance	QTR	YTD	1YR	3YR	5YR	Since Inception[1]
Sterling (Pure Gross)	1.21%	10.78%	10.78%	19.78%	5.79%	14.67%
Sterling (Net)	0.46%	7.57%	7.57%	16.33%	2.71%	11.35%
Russell 1000® Growth Index	1.12%	18.56 %	18.56%	31.15%	15.32%	18.13%

Performance and Market Update

Focus Equity increased 1.21% (gross) and 0.46% (net) in 4Q25, and 10.78% (gross) and 7.57% (net) for the year as strong results from our portfolio holding companies drove sustained upside. Throughout 2025, artificial intelligence (AI) themes dominated headlines with Generative AI (GenAI) representing the primary market driver. Semiconductors, hyperscalers, and power companies led performance as AI continues to transition from development to implementation phases.

Additionally, September saw the Federal Reserve (Fed) cut interest rates by a quarter-point despite generally supportive economic data with equity indices near all-time levels and unemployment remaining relatively low. The Fed is seemingly taking an intentional and calculated approach to rate cuts, in our view, as inflation, while stabilizing, could remerge following a period of tariff uncertainty and geopolitical tensions.

Lastly, we believe concentration risk in the benchmark remains substantial and the “Magnificent Seven” still comprise a meaningful percentage of markets, similar to 2024. The investable universe is now divided between AI winners and losers with AI-related sentiment a driving force as we move into 2026.

4Q25 Attribution

Leading Contributors	Portfolio Weight	Total Return	Gross Contribution to Return
Alphabet Cl-C	6.99%	28.93%	1.80%
MongoDB Cl-A	3.20%	35.22%	0.97%
Tokyo Electron U-ADR	4.01%	22.67%	0.75%
S&P Global	7.48%	7.58%	0.54%
IDEXX Labs	8.45%	5.89%	0.50%

Sources: FactSet; Sterling Capital Management Analytics.

[1]Inception date is 12.31.2015. Data is as of 12.31.2025. The benchmark is the Russell 1000 Growth. The net of fee performance reflects the deduction of the maximum SMA bundled fee of 3.00% annually for all periods presented. Performance is preliminary and is annualized for periods longer than one year. Net of fees performance returns are presented net of the SMA bundled fee, which includes all charges for trading costs, advisory services, portfolio management, custody and other administrative fees. “Pure” gross of fees performance returns do not reflect the deduction of any fees including trading costs: a client’s return will be reduced by the management fees and other expenses it may incur. Investment management fees are described in SCM's Form ADV 2A. Performance reflects the reinvestment of interest income and dividends and realized capital gains. The performance presented represents past performance and is no guarantee of future results. Performance is compared to an index: however, the volatility of an index varies greatly and investments cannot be made directly in an index. Market conditions vary from year to year and can result in a decline in market value due to material market or economic conditions. Please refer to the attached GIPS Composite Report for additional disclosures. Sources: Russell Investments; eVestment Alliance; Sterling Capital Management Analytics.

Please refer to the Performance Disclosure found on page 6. Please refer to the preceding table titled “Performance”, which provides the gross and net of fee returns of the composite, including performance results for the prescribed 1 year, 5 year, and 10 year periods (or since inception, as applicable).

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Alphabet (GOOG) was Focus Equity's top contributor in 4Q25, fueled by strong growth in Google Cloud. While capital expenditures (capex) have trended upwards in Alphabet's race to be one of the main AI infrastructure and cloud providers, backlog and revenue figures have accelerated sequentially as well with Alphabet's tensor processing units (a proprietary chip used for AI workloads), and the company's Gemini foundational model being key differentiators. Additionally, Google has added AI functionality to its mainstream search product through AI overviews and a link to the more in-depth AI mode on Google's search page, while also maintaining the same level of monetization as pre-enhanced AI search. Depreciation costs are expected to rise with rising capex spend, but internal efficiencies spurred by AI and cost discipline have kept margins elevated.

MongoDB (MDB) demonstrated strong performance across key metrics in the company's most recent fiscal quarter with Atlas cloud revenue emerging as the primary growth driver. Atlas customers continue to grow and MongoDB's net revenue retention rate rose sequentially, which signals strengthening expansion within the existing customer base. The strong financial results were delivered amidst a CEO transition which saw CJ Desai assume the role in November, succeeding Dev Ittycheria who led the company for over a decade.

Tokyo Electron (TOELY) is experiencing solid performance with strategic growth in key semiconductor segments, supported by strong demand for memory and AI-related equipment. AI server demand has helped propel the company as forward operating profit guidance was raised and management shared a more positive tone on market outlook.

S&P Global (SPGI) is experiencing ongoing margin expansion and technological innovation across the company's portfolio of offerings. Market intelligence growth was attributed to strong execution, product innovation, and competitive wins, especially within Capital IQ Pro following investment in the platform. S&P acquired With Intelligence which is expected to accelerate growth in market Intelligence and supplement private market solutions across divisions. Lastly, S&P is benefitting from favorable market conditions with robust issuance volumes, strong equity markets, and favorable demand for benchmarks and analytics.

IDEXX (IDXX) has executed well despite ongoing macro pressures affecting veterinary visit volumes. That being said, while the industry faces headwinds from declining visits, diagnostic frequency and utilization both have remained durable for IDEXX given their mission critical role in pet care. Specifically, IDEXX's InVue Dx analyzer has seen significant momentum which has been driving growth in the instrument installed base. Additionally, IDEXX released Catalyst Cortisol, which is the newest addition to the Catalyst platform and enables veterinarians to rapidly measure cortisone levels to diagnosis and monitor certain conditions. Strong management execution in the face of industry-specific headwinds has buoyed the stock, and we remain convicted in the name given pet ownership remains elevated and aging pet populations support long-term demand for diagnostics.

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Leading Detractors	Portfolio Weight	Total Return	Gross Contribution to Return
CoStar Group	5.86%	-20.30%	-1.39%
Veeva Systems Cl-A	4.45%	-25.07%	-1.34%
ServiceNow	3.32%	-16.77%	-0.60%
Microsoft	6.86%	-6.45%	-0.48%
HubSpot	2.40%	-14.22%	-0.39%

Sources: FactSet; Sterling Capital Management Analytics.

HubSpot (HUBS) experienced selling pressure following their 3Q25 print as market participants wanted a sequential revenue acceleration which ultimately came in flat. However, during HubSpot's recent analyst day, company management showcased how current net new annual recurring revenue (ARR) trends are signaling a future revenue acceleration, but it will take time for the strong net new ARR growth to translate into a revenue growth inflection. While the revenue acceleration did not happen in 3Q25, we feel confident in HubSpot's future and envision the company picking up momentum in subsequent quarters.

Microsoft (MSFT), similar to Alphabet, is racing for AI infrastructure leadership and is investing serious amounts into capex to keep a place at the table. Azure revenue beat guidance and has been driven by strong migration trends as well as core infrastructure. Azure AI workloads are meaningfully contributing, in both inference and training, and Microsoft announced an additional $250B commitment from OpenAI. Microsoft also announced the world's most powerful AI data center, Fairwater in Wisconsin, will go online next year and scale to two gigawatts. In our view, while capacity remains constrained and expectations remain high, Microsoft has been an AI winner to date with no signs of slowing down in the near term.

ServiceNow (NOW) has been weighed down by negative market sentiment surrounding software providers as some investors believe GenAI could replace much of their value proposition and steal share. While sentiment remains weak for many names in software that now compete with GenAI offerings, ServiceNow continues to execute and outperform expectations in current remaining performance obligations (CRPO) which represent contracted future revenues and profitability. Company management has highlighted that AI agent consumption has increased 55x since May which shows significant momentum in AI Agent usage. We remain positive on ServiceNow's opportunities in 2026 and the company remains a leader in AI-related software offerings.

Veeva Systems (VEEV) is experiencing elevated competition in their legacy customer relationship management (CRM) space as Salesforce has rolled out their own life science-specific CRM platform. Company management recently shared a lower outlook for Top 20 biopharma penetration for their vault CRM platform which has weighed on the stock. However, company management anticipates that many of the Top 20 Biopharma clients will remain with Veeva as nine have already verbally or formally committed to Veeva. While Veeva might not retain and attract the entirety of the Top 20, their platform is still highly valued and the lower penetration is not impacting their long-term revenue targets that were shared previously.

CoStar's (CSGP) net new bookings came in slightly below expectations which weighed on the stock price. Additionally, the market is growing more skeptical of CoStar's investment to stand up Homes.com which is not generating the return on investment (ROI) that CoStar typically experiences with new products. CoStar Suite remains the ballast in the product portfolio that can fund other areas of growth like Homes.com and continues to perform well, but we are watching CoStar closely given the elevated investment in Homes.com and the limited revenue generation.

Please refer to the Performance Disclosure found on page 6. Please refer to the preceding table titled "Performance", which provides the gross and net of fee returns of the composite, including performance results for the prescribed 1-year, 5-year, and 10-year periods (or since inception, as applicable).

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Portfolio Changes and Diligence Updates

No material changes were made to the Focus Equity portfolio holdings during 4Q25. However, we kept a busy due diligence calendar featuring a variety of management, customer, and industry meetings that, in our view, yielded helpful incremental insights to inform our portfolio investment theses.

Outlook and Conclusion

As Focus Equity looks into 2026, we view the AI super-cycle continuing as it is supported by ongoing capex narratives and growth in compute demand. Additionally, we expect the bifurcation of high and low-income consumers to deepen as high-income households benefit from investment gains, and lower income groups face above-average inflation rates on essential goods. The One Big Beautiful Bill Act, passed last summer, is likely to disproportionally benefit high-income consumers via the bill's tax savings, while cuts to government assistance programs, including SNAP benefits, may impact the lower- income households, especially as wage growth for the lowest income quartile lags. In totality, we view the overall equity market as elevated from a valuation perspective, but opportunities still exist in the secular trends mentioned and we remain upbeat in our market outlook.

Thanks for your trust and investment in us.

Casey Nelsen, CFA®
Co-Portfolio Manager

Charles Radtke, CFA®
Co-Portfolio Manager

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December 31, 2025 Positions[1]

ADYEY	11.1%
IDXX	8.3%
SPGI	7.9%
GOOG	7.6%
MSFT	6.6%
AMZN	5.5%
CSGP	5.5%
SHOP	5.5%
ASML	4.8%
TOELY	4.2%
SNPS	3.9%
VEEV	3.7%
MDB	3.7%
MSCI	3.3%
CDNS	3.0%
WDAY	2.9%
NOW	2.9%
TEAM	2.5%
HUBS	2.3%
ODFL	2.2%
SAIA	2.1%

Top 5 Total	41.5%
Top 10 Total	67.0%
Top 15 Total	84.6%
Top 20 Total	97.4%

[1]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.

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Important Information

Disclosures

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

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

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

Technical Terms: **Current Remaining Performance Obligation (cRPO)** is a SaaS metric that measures the portion of a company's RPO that is expected to be recognized as revenue within the next 12 months. RPO is the total of a company's future performance obligations, which includes deferred revenue and backlog. **Monthly Recurring Revenue (MRR)** is a key performance indicator that measures the predictable, recurring revenue a business can expect to receive from its customers each month. **Annual Recurring Revenue (MRR)** is the yearly value of predictable, recurring revenue from subscriptions and contracts, excluding one-time fees. **Net revenue retention (NRR)** is a key performance indicator, particularly for SaaS businesses, that measures how well a company retains and grows revenue from its existing customer base over a specific period. **Total Addressable Market (TAM)**, also referred to as total available market, is the overall revenue opportunity that is available for a product or service if 100% market share is achieved. The **Magnificent 7 (Mag 7)** stocks are a group of large-cap companies (corporations with large market capitalizations determined by the number of shares times each share’s value) in the technology sector, including Alphabet (parent company of Google), Amazon, Apple, Meta Platforms (parent company of Facebook and Instagram), Microsoft, Nvidia, and Tesla.(Technical definitions are sourced from Corporate Finance Institute.)

The **Chartered Financial Analyst® (CFA)** charter is a graduate-level investment credential awarded by the CFA Institute — the largest global association of investment professionals. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

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Sterling Capital Focus Equity SMA

	Total "Pure" Gross Return	Total Net Return	Benchmark Return	3Y Composite Std. Dev. (Gross)	3Y Benchmark Std. Dev.	Composite Dispersion	Number of Portfolios	Composite AUM (MM)	Total Firm AUM (MM)
2024	7.64%	4.51%	33.36%	26.43%	20.33%	0.08%	50	$16	$66,160
2023	44.12%	40.03%	42.68%	25.90%	20.51%	0.32%	80	$27	$66,746
2022	-33.73%	-35.74%	-29.14%	25.94%	23.47%	0.31%	104	$25	$62,842
2021	16.35%	12.99%	27.60%	20.02%	18.17%	0.36%	238	$111	$75,309
2020	36.48%	32.58%	38.49%	20.88%	19.64%	1.01%	251	$104	$70,108
2019	43.06%	39.00%	36.39%	13.72%	13.07%	0.67%	151	$35	$58,191
2018	4.19%	1.15%	-1.51%	13.77%	12.13%	Not Calculable	36	$5	$56,889
2017	29.91%	26.20%	30.21%	< 3 Years	< 3 Years	Not Calculable	5	$1	$55,908
2016	12.24%	8.99%	7.08%	< 3 Years	< 3 Years	Not Calculable	4	$0	$51,603

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

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. The material risks of this strategy are, but not limited to, the following: Market Risk, Management Risk, Market Disruption and Geopolitical Risk, Company Specific Risk, Equity Securities Risk. For a full list of strategy risks, please reference Sterling Capital Management's Form ADV, Part 2A.
3. Sterling Capital Management LLC (SCM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. SCM has been independently verified for the periods 01/01/2001 to 12/31/2024. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. Benchmark returns are not covered by the report of the independent verifiers. GIPS® is a registered trademark of the CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.
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5. 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.
6. 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.
7. 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.
8. "Pure" gross of fees returns are presented as supplemental information and do not reflect the deduction of any fees including trading costs. Net returns are calculated by deducting the highest applicable wrap fee of 3.00% annually from the pure gross composite return. Prior to 8/31/18, gross of fees returns reflect the deduction of trading costs. Effective 9/1/18, "pure" gross of fees returns do not reflect the deduction of any fees including trading costs. The SMA fee includes all charges for trading costs, portfolio management, custody, administrative fees, and foreign withholding taxes. The maximum SMA or bundled external platform fee is 2.52% annually and includes SCM's actual management fee of 0.32%. SCM's actual management fees are 0.32% annually. From 12/31/15 to 8/31/18 the composite was comprised 100% of separate accounts. As of 9/1/18 the composite has been comprised 100% of wrap fee portfolios.
9. 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.
10. 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.
11. 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.