

Special Opportunities SMA Commentary

4th Quarter 2025

The Sterling Capital Special Opportunities strategy is designed to be a “core” or “all-seasons” portfolio, with a primary goal of generating long-term capital appreciation. Noting that our industry often classifies investments with either a “growth” or “value” label, we argue instead that value without growth represents a wasting asset, and growth without regard to the price is merely speculation. We strongly believe in building a well-diversified portfolio with constituents that boast both growth and value characteristics. We seek above-average growth of capital, but endeavor to mitigate downside risks by using time-tested valuation tools and profitability (“quality”) parameters.

Both academic literature and our own experience suggest that the so-called growth and value styles, as well as small- and large-capitalization companies, move into and out of investment favor, much as our underlying economy moves through various phases of expansion and retrenchment. Sustained periods of out- or under-performance can lead to unproductive investor outcomes via switching. By blending these characteristics, we hope to offer our clients a more consistent return profile, while also allowing us the flexibility to take advantage of occasional perceived extremes in sentiment.

Consistent with our endeavor to generate above-average returns with below-average risk compared to the overall equity market, we must “dare to be different” from our benchmark. In industry parlance, our portfolio demonstrates high “active share,” meaning our philosophy offers the statistical opportunity to outperform popular averages. By constructing portfolios with approximately 30-35 carefully selected securities, we strive to achieve 95% of the diversification of a 500-stock portfolio while excluding expensive, poorly-financed, or strategically vulnerable companies from our holdings.

Market Commentary

4Q25 started with the longest U.S. government shutdown in history, which delayed delivery of vital economic data as the quarter progressed. Despite these delays, the Federal Reserve (Fed) delivered the third consecutive 25 basis point (bps) cut, for a total of 175 bps in cuts from the peak in July 2024. Fed Chair Jerome Powell delivered a “wait and see” commentary at the same time, pivoting away from a focus on inflation and to the softening labor market.

Trade tensions between the U.S. and China also came back in early October with disputes over additional tariffs, but those quickly faded as both sides met in South Korea and agreed on a framework for more soybean purchases from China, the U.S. easing restrictions on chip exports, and the postponement of export controls on rare earth minerals, among other items. Despite all the noise around tariffs, the market shifted views to a one-time adjustment that would be offset by the coming tax impact and investment benefits of the “One Big Beautiful Bill Act” occurring in early 2026.

Following the volatility around tariffs, the artificial intelligence (AI) trade came back with NVIDIA (NVDA) surpassing \$5T in market cap and Alphabet (GOOG) advancing considerably in October. This strength has waffled back and forth as concerns emerged that significant investments in AI data centers may not lead to profits as quickly as some investors had envisioned. As a result, the market rotated away from the “Magnificent 7” leadership to a broadening of returns that saw value, healthcare, small cap, international stocks, and commodities perform better than they have in some time.

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We remain measured and cautiously optimistic over the AI trade as we have seen this market ebb and flow thematically before. At the start of 2026, the Consumer Electronics Show (CES) led to renewed exuberance over AI demand and momentum. For example, memory, a key ingredient to AI infrastructure, has become an important topic due to constant demand and not enough supply. Key suppliers such as Micron (MU) and Sandisk (SNDK) rose over 3x and 7x respectively over the last few months. We are watching this supply chain closely as bottleneck implications could be far-reaching.

Elsewhere, we believe the healthcare sector has emerged as an area of strength, decoupled from broader economic cycles. Healthcare has underperformed the market over the last three years. We may be at the start of a shift in this underperformance, driven by two significant trends. First, global demand for glucagon-like peptide (GLP)-1 therapeutics continued to function as a powerful secular tailwind, driving capital inflows into certain pharmaceutical leaders.

Second, regarding tariffs, re-shoring, and drug pricing, some of the regulatory ambiguity affecting the industry has cleared, allowing for greater visibility. This clarity has helped to renew research & development (R&D) spending, venture financing in biotech, and merger & acquisition (M&A) activity. Additionally, the impending industry patent cliff (the significant drop in revenue a company experiences when its drug's patent expires), serves as a major driver for potential accelerated investment activity.

At present, we believe this environment lends support for high quality, yet reasonably priced, secular and idiosyncratic growth with visibility, providing a balance to more cyclical or interest-rate-sensitive opportunities in the market. We believe the portfolio is carefully balanced with opportunistic, large- and mid-sized growth and value opportunities, and the funnel is full of new ideas as well. As we balance the portfolio, we continue to stick to our core tenets, the Equity Opportunity Group's (EOG's) four pillars: above-market growth, returns on capital, balance sheet strength, and below-market multiples. As always, we remain considerate of your capital, aiming to achieve above-average returns with below-average risk.

Quarterly Review

Performance	QTR	YTD	1YR	3YR	5YR	10YR	Since Inception ¹
Sterling (Pure Gross)	3.41%	13.92%	13.92%	20.38%	12.48%	12.52%	11.86%
Sterling (Net)	2.65%	10.62%	10.62%	16.92%	9.22%	9.26%	8.62%
Russell 3000® Index	2.40%	17.15 %	17.15%	22.25%	13.15%	14.29%	8.86%

In the fourth quarter, the Special Opportunities portfolio generated gross returns of 3.41% and 2.65% net of the maximum fee versus the Russell 3000® Index's 2.40% total return.

¹Inception date is 06.30.2004. Data is as of 12.31.2025. The benchmark is the Russell 3000. Performance results prior to 01.01.2013 are considered "predecessor performance" and were achieved by the Equity Opportunities team when they were known as CHOICE Asset Management, a division of Scott & Stringfellow. The net of fee performance reflects the deduction of the maximum SMA bundled fee of 3.00% annually for all periods presented. Performance is preliminary and is annualized for periods longer than one year. Net of fees performance returns are presented net of the SMA bundled fee, which includes all charges for trading costs, advisory services, portfolio management, custody and other administrative fees. "Pure" gross of fees performance returns do not reflect the deduction of any fees including trading costs: a client's return will be reduced by the management fees and other expenses it may incur. Investment management fees are described in SCM's Form ADV 2A. Performance reflects the reinvestment of interest income and dividends and realized capital gains. The performance presented represents past performance and is no guarantee of future results. Performance is compared to an index; however, the volatility of an index varies greatly and investments cannot be made directly in an index. Market conditions vary from year to year and can result in a decline in market value due to material market or economic conditions. Please refer to the attached GIPS Composite Report for additional disclosures. Sources: Russell Investments; eVestment Alliance; Sterling Capital Management Analytics.



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4Q25 Attribution

Leading Contributors	Portfolio Weight	Total Return	Gross Contribution to Return
Teva Sp ADR	4.14%	54.50%	1.75%
Coherent	2.82%	71.34%	1.65%
Alphabet Cl-C	4.63%	28.93%	1.21%
Danaher	2.88%	15.62%	0.43%
Eli Lilly	1.19%	30.23%	0.37%

Sources: FactSet; Sterling Capital Management Analytics.

Key contributing sectors within the portfolio included healthcare and communication services. Primary detracting sectors were technology and consumer discretionary. Overall, 21 holdings advanced while 14 declined. Eight of our holdings advanced by double-digits while seven declined by double-digits. Four of our holdings increased by over 20%. Two of our holdings decreased by over 20%. Two of our holdings increased by over 50%.

- **Teva (TEVA)** raised guidance yet again. Meanwhile, the Center for Medicare and Medicaid Services (CMS) published the Inflation Reduction Act (IRA) list, and Teva's Austedo got the lowest price reduction of all 15 drugs in the second round of negotiations. Austedo's multi-year targets were re-confirmed by company management. In other words, we believe a major overhang was lifted for Teva's highest revenue-generating branded drug. Teva's U.S. generics outperformed expectations last quarter while Europe had mixed results. The company also highlighted its biosimilar portfolio which may continue to expand with up to six potential launches over the next couple of years. Teva increased the lower end of its guidance for fiscal year 2025 earnings per share (EPS). Based upon company announcements, Duvakitug (TL1a) and Olanzapine LAI are progressing as company management expected. Layering in TEVA management's recently initiated cost-cutting program, the company is expected to be on track to achieve 30% operating margins by 2027.
- **Coherent (COHR)** continues to outpace the market, from the April trough to December's peak, COHR was up almost 4x. Company management posted solid quarterly results recently, with a beat on the top and bottom lines. Guidance and estimates suggest mid-teens unabated top-line growth ahead, driven by optical networking demand from AI. Early returns from investments in capacity growth for indium phosphide (InP) have produced strong yields and appears to add support to out-year gross margin targets, potentially in the low-mid 40% range. The company also continues to reduce debt with net leverage now below 2x. Bain Capital converted preferred shares to common and sold a majority of its stake in the company, reducing concerns of dilution and shareholder concentration.
- **Alphabet (GOOG)** appears to be taking the lead in AI amongst the major hyperscalers and large language models. Gemini 3.0 recently outscored other models in independent tests, demonstrating high-level scientific reasoning and leading to increased growth. By the end of 2025, the Gemini app had roughly 650MM monthly active users, up from about 350MM in March. Over two billion monthly users now interact with AI Overviews powered by Gemini within Google Search. At present, Gemini has expanded to most Alphabet applications and may be integrated as the central intelligence layer across all hardware and software by the end of 2026. Waymo, Alphabet's autonomous robotaxi, has rapidly expanded and now serves the following markets: Phoenix, San Francisco, Los Angeles, Austin, and Atlanta. New markets to open in 2026 include Las Vegas, San Diego, Nashville, Miami, and Orlando. Testing continues in London and Tokyo as well. Waymo serves over 450k rides per week currently and targets one million rides per week by the end of 2026.

Please refer to the Performance Disclosure found on page 7. 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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- **Danaher (DHR)** reported a mixed third quarter with revenue roughly in-line while beating on EPS. Meanwhile, the stock performance was driven by future expectations. Company management offered up core revenue growth guidance of 3-6% in 2026. Accelerating cost-cutting initiatives could set up conviction in the high single-digit 2026 earnings growth guide. We believe this backdrop exhibits top-line growth recovery with potential upside and over 100 bps of margin expansion. Bioprocessing may continue to grow consistently. Diagnostics may recover as China headwinds subside. Life Sciences equipment may recover too, but timing remains uncertain. Overall, we believe the following present dynamics portend to increased future demand for Danaher's products: increasing M&A activity in biotech, reshoring, early-stage venture funding growth, and a large patent cliff that we feel begs for investment to fill big pharma's growth gap.
- **Eli Lilly** was added in fourth quarter and is off to a solid start, in our view. We discuss the company more in "Portfolio Changes."

Leading Detractors	Portfolio Weight	Total Return	Gross Contribution to Return
Oracle	3.98%	-30.58%	-1.48%
Lennar Cl-A	3.05%	-18.10%	-0.53%
Copart	2.14%	-12.94%	-0.41%
Microsoft	5.29%	-6.45%	-0.39%
Universal Display Corp	1.62%	-18.38%	-0.37%

Sources: FactSet; Sterling Capital Management Analytics.

- From April lows to September highs, **Oracle (ORCL)** had almost tripled in market value, yet the stock experienced a significant retracement in the fourth quarter. Backlog growth driven by Oracle Cloud Infrastructure (OCI) has markedly exceeded expectations. At the end of 2024, backlog or remaining performance obligations (RPO) stood at roughly \$100B. Today, RPO exceeds \$500B. Thus, capital expenditures (capex), which include upfront data center build expenses, may increase considerably in the near term to be able to process customer workloads and generate revenue. At least \$300B in backlog comes from OpenAI. We believe there are questions concerning the customer's ability to meet their growth targets. In turn, the concern for Oracle stems from the potential outcomes of that specific customer's contract. Moreover, the market is questioning how the capex will be financed. Presently, estimates anticipate cash outflows to exceed inflows for the next two-three years, at which time free cash flow (FCF) may inflect. A good problem to have is that we believe the company will be prudent in accepting further demand as it scales up capex. We also believe the company can accelerate its economics and utilize various financing options for data center builds.
- **Lennar (LEN)** was a top detractor in the quarter as housing affordability continues to weigh on home deliveries. The company continues to invest ahead of the market and offer incentives to capitalize on long-term structural housing demand. Company management has historically contended that when the recovery arrives, they may reap higher benefits with ample supply and incentive normalization. This dynamic may lead to a sharp rebound in sales growth and net profits. We tend to agree, but timing remains uncertain. Should the Federal Reserve (Fed) step in with quantitative easing and lower interest rates, we could see some significant support for the sector. We also see little downside as LEN trades at a price-to-book (P/B) multiple of roughly 1x.

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- **Copart (CPRT)** delivered mixed results by missing the top line and beating the bottom line. Uninsured and under-insured motorists are still rising as vehicle affordability gets pressured from auto inflation. Insurance Auto Auctions (IAA) is still competing with discounts, albeit at a structural disadvantage to Copart operationally, asset-wise, and technologically. We believe these advantages could allow Copart to remain the share leader. Moreover, Copart has a strong balance sheet with net cash near \$5B. Lastly, accident-damaged vehicles are increasingly declared total losses as the costs to repair vehicles continue to rise considerably and exceed the cash value of the vehicle. Total loss frequency is a primary driver for salvage market auctions.
- **Microsoft (MSFT)** was a detractor last quarter despite a strong beat on the top and bottom lines. We believe the recent pressure stems from increased capex levels, its investment in OpenAI (akin to Oracle exposure), the monetization of Copilot efforts, its relatively higher multiple versus other hyperscalers, and Alphabet perhaps taking AI market mindshare with Gemini momentum. Yet we maintain the overall value proposition persists for MSFT, driven by strong demand and growth at Azure, which showed almost 40% revenue growth (the highest among the major cloud-computing platforms).
- We believe **Universal Display Corporation (OLED)** started out on a negative note when we added it to the portfolio in 2Q25. The company saw pull-in from Chinese customers in 2Q25 that did not repeat in 3Q25. This pull-in was to get ahead of U.S. tariff concerns. We do not see this as a material concern as Universal Display Corporation (UDC) has been increasing capacity at its Irish manufacturing plant for international distribution. This strategy mostly avoids tariffs, in our view. More recently, Tianma, a major Chinese organic light-emitting diode (OLED) panel manufacturer, renewed a multi-year OLED emitter supply agreement with UDC. BOE, another major Chinese customer, has accelerated production of its Gen 8.6 Fab for OLED information technology (IT) products (laptops, tablets, and monitors). BOE is roughly four months ahead of schedule, which could accelerate UDC's top-line growth. Overall, four of UDC's top five customers are expanding capacity significantly to meet OLED IT display demand. Tandem panels add additional demand for emitters. Foldable phone models are proliferating with Apple with speculation for release of an iPhone in 2026 in this format. Based upon company meetings, in the pipeline is the premium-priced blue phosphorescent OLED emitter and intellectual property (IP), which may expand UDC's total addressable market (TAM).

Portfolio Changes

- We added **Natera (NTRA)** in November. Natera is a global leader in DNA testing and precision medicine, delivering blood-based diagnostics across women's health, oncology, and organ health. We believe that Natera has a wide moat backed by difficult-to-replicate IP and a large patent portfolio underscored by its leading market share. In our view, Natera has a long runway for growth in attractive, underpenetrated markets such as oncology minimal residual disease (MRD), women's health, and early cancer detection (ECD). The company seems to be at the precipice of a material inflection in growth, margins, and cash flow on the back of several catalysts on the horizon, including additional Medicare and commercial coverage, prospective readouts from ongoing interventional trials, and product launches into new markets.
- We added **Eli Lilly and Company (LLY)** in October. Eli Lilly is a research-driven pharmaceutical firm that discovers, develops, and commercializes branded medicines across four priority therapeutic areas: cardiometabolic health (note GLP-1 drugs Mounjaro and Zepbound), oncology, immunology, and neuroscience.

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



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- We believe the company is not receiving full credit for the long-run growth durability of its metabolic franchise due to concerns around supply, pricing, and the efficacy of oral delivery of key compounds. However, we believe this misses the compounding effect of segmentation across injectable and oral incretins, early disease positioning in primary care, and the benefits of U.S. anchored capacity.
- We added **Synopsys (SNPS)** in October. Synopsys is a leading provider of electronic design automation (EDA) software, semiconductor IP, and software integrity solutions. We believe its acquisition of Ansys fuses best-in-class EDA with multi-physics simulation, enlarging the firm's TAM and sharpening its edge in complex AI-driven, multi-die system design. Addressing physical AI such as robotics, autonomous vehicles, and factory automation with a full silicon to systems solution significantly expands the company's growth profile, in our view. Near-term integration costs and investor concern over cyclical moderation in semiconductor capex have seemed to mask the strategic value of the combined platform and expected margin uplift from cross-selling and scaled R&D synergies. As chip complexity and 3D integrated circuit adoption accelerate, we see Synopsys as being uniquely positioned to capture incremental wallet share across semiconductors, automotive, aerospace, and other industrial customers.

Outlook

As we begin a new year with markets continuing to exhibit periods of heightened volatility and coming off several years of noticeable market appreciation, we believe it's entirely reasonable for investors to pause and consider the range of potential outcomes ahead. We choose not to be distracted by the multitude of opinions and short-term noise from market prognosticators. Instead, we remain firmly anchored to our long-standing, disciplined investment process, which is the approach we have always described to our clients. Put simply, we carefully evaluate the broad array of forces impacting markets while steadfastly staying the course with our time-tested strategy.

This process is coupled with our steadfast adherence to our time-tested investment approach, which is centered around EOG's four pillars: above-market profitability, secular and enterprise growth, balance sheet strength, and attractive valuations. These pillars lend support for our continued belief that they may provide the best possible chances for our risk-adjusted returns to outpace the market.

The chart below compares the Special Opportunities strategy to the Russell 3000 Index in several metrics for 4Q25. We believe the portfolio remains better positioned by most measures.

	EPS Growth				2027E Multiple			Profitability/Returns			Balance Sheet	
	2025E	2026E	2027E	24-27E CAGR	P/E	EV/EBITDA	FCF Yield	ROE	ROIC	EBITDA Mgn	Coverage	Leverage
Special Opportunities	13.2%	11.7%	17.5%	13.2%	19.7x	13.7x	4.1%	18.5%	10.0%	29.1%	8.3x	1.4x
Russell 3000	12.9%	17.5%	13.8%	14.7%	19.1x	13.0x	4.6%	7.7%	5.0%	13.3%	2.4x	2.1x
% Better / Worse vs Bench	2.0%	-33.5%	27.0%	-10.4%	2.7%	5.6%	-10.1%	139.4%	98.1%	118.1%	237.8%	(32.9%)

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

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

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

Dan Morrall
Co-Portfolio Manager

Jim Curtis, CFA®
Co-Portfolio Manager

Data is as of 01.02.2026. Source: Bloomberg L.P. E: estimate. CAGR: compound annual growth rate. EV/EBITDA: enterprise value/earnings before interest, taxes, depreciation, and amortization. ROE: return on equity. ROIC: return on invested capital.

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



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

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

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

Technical Terms: **Earnings per share (EPS)** is calculated as a company's profit divided by the outstanding shares of its common stock. The resulting number serves as an indicator of a company's profitability. It is common for a company to report EPS that is adjusted for extraordinary items and potential share dilution. **EVE/EBITDA**, or enterprise value/earnings before interest, taxes, depreciation, and amortization, is an alternate measure of profitability to net income. By including depreciation and amortization as well as taxes and debt payment costs, this metric is particularly valuable for potential acquirers as it includes the debt they would assume and the cash they would receive, offering a comprehensive view of the company's economic value. The **compound annual growth rate (CAGR)** is the rate of return that an investment would need to have every year in order to grow from its beginning balance to its ending balance, over a given time interval. The CAGR assumes that any profits were reinvested at the end of each period of the investment's life span. The **price-to-earnings (P/E)** ratio measures a company's share price relative to its earnings per share (EPS). Often called the price or earnings multiple, the P/E ratio helps assess the relative value of a company's stock. **Return on equity (ROE)** is a measure of a company's financial performance. It is calculated by dividing net income by shareholders' equity. Because shareholders' equity is equal to a company's assets minus its debt, ROE is a way of showing a company's return on net assets. **Return on invested capital (ROIC)** shows how efficiently a company uses its capital to generate profits. Comparing a company's ROIC with its weighted average cost of capital (WACC) reveals whether the company's invested capital is used effectively. The **One Big Beautiful Bill Act (OBBBA)** significantly affects federal taxes, credits and deductions. It was signed into law on July 4, 2025. 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. The **Inflation Reduction Act of 2022 (IRA)**, is a United States federal law that aims to reduce the federal government budget deficit, lower prescription drug prices, and invest in domestic energy production while promoting renewable energy. It was passed by the 117th United States Congress and signed into law by President Joe Biden on August 16, 2022. **Remaining Performance Obligation (RPO)** is a financial metric representing the total future revenue a company expects from existing customer contracts that haven't been fully delivered yet, acting as a strong indicator of future earnings by including both already billed (deferred) and not-yet-billed (backlog) contracted amount. **Free cash flow (FCF)** is the amount of money a company has that exceeds the amount needed to sustain and grow the business. **Price-to-book (P/B) Ratio** is a financial metric that compares a company's market value to its book value, which is the value of all its assets minus its liabilities, helping investors identify undervalued stocks. (Technical definitions are sourced from Corporate Finance Institute.)

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	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	21.73%	18.23%	23.81%	18.21%	17.56%	0.05%	215	\$203	\$66,160
2023	25.81%	22.20%	25.96%	18.67%	17.46%	0.12%	245	\$189	\$66,746
2022	-19.27%	-21.67%	-19.21%	22.54%	21.48%	0.22%	252	\$166	\$62,842
2021	27.82%	24.16%	25.66%	19.35%	17.94%	Not Calculable	3	\$289	\$75,309
2020	15.23%	11.89%	20.89%	20.36%	19.41%	Not Calculable	3	\$419	\$70,108
2019	27.22%	23.57%	31.02%	12.31%	12.21%	Not Calculable	4	\$525	\$58,191
2018	-3.32%	-6.15%	-5.24%	10.99%	11.18%	Not Calculable	4	\$453	\$56,889
2017	20.55%	17.09%	21.13%	9.85%	10.09%	Not Calculable	4	\$493	\$55,908
2016	5.72%	2.64%	12.74%	10.35%	10.88%	Not Calculable	4	\$721	\$51,603
2015	9.59%	6.41%	0.48%	9.67%	10.58%	Not Calculable	4	\$901	\$51,155

Benchmark: Russell 3000® Index

Composite Creation Date: 10.16.2014

Inception Date: 01.01.2001

- Consists of all discretionary separately managed wrap Special Opportunities portfolios. SCM's Special Opportunities equity portfolios invest primarily in companies with the best perceived combination of underlying growth potential and attractive valuation in a concentrated portfolio that has the flexibility to shift among styles.
- The material risks of this strategy are, but not limited to, the following: Market Risk, Management Risk, Market Disruption and Geopolitical Risk, Company Specific Risk, Equity Securities Risk. For a full list of strategy risks, please reference Sterling Capital Management's Form ADV, Part 2A.
- Sterling Capital Management LLC (SCM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. SCM has been independently verified for the periods 01/01/2001 to 12/31/2024. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. Benchmark returns are not covered by the report of the independent verifiers. GIPS® is a registered trademark of the CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.
- SCM is a registered investment advisor with the U.S. Securities & Exchange Commission (SEC). Registration does not imply a certain level of skill or training. SCM manages a variety of equity, fixed income and multi-asset portfolios. Prior to January 2001, SCM was a wholly owned subsidiary of United Asset Management (UAM). In January 2001, SCM purchased all the assets and business of Sterling Capital Management Company from UAM to become an employee-owned firm. In April 2005, BB&T Corporation (BB&T) purchased a majority equity ownership stake in SCM. In October 2010, the management group of SCM entered into an agreement with BB&T that reduced and restructured management's interest in SCM. Additionally, BB&T Asset Management merged into SCM. In January 2013, CHOICE Asset Management merged into SCM. In August 2015, eight new employees joined SCM via Stratbn Management Company following the close of BB&T's purchase of Susquehanna Bancshares. In December 2019, BB&T and SunTrustBanks, Inc. Holding Company merged as equals to form Truist Financial Corporation (Truist). SCM was then a wholly-owned subsidiary of Truist. In August 2020, eight new employees joined SCM via the Investment Advisory Group of SunTrust Advisory Services. In July 2024, Guardian Capital U.S. Asset Management (formerly Guardian Capital LLC), a wholly-owned subsidiary of Guardian Capital Group Limited (Guardian), completed the acquisition of SCM from Truist.
- The performance presented represents past performance and is no guarantee of future results. Market and economic conditions vary from year to year and can result in a decline in market value due to material market or economic conditions. Please refer to the slide titled "Performance" for the one-, five-, and ten-year returns of the composite.
- A complete list of all of SCM's composites and SCM's broad distribution pooled funds and their descriptions is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Composite Reports are available upon request.
- Performance reflects reinvested interest income and dividends and realized and unrealized capital gains and losses. All portfolios utilize trade-date and accrued income accounting. Valuations and performance are reported in U.S. dollars. Periodic time weighted returns are geometrically linked. Returns are not calculated net of non-reclaimable withholding taxes due to immaterial dollar amounts. Effective 1/1/21, composite returns are calculated by weighting the individual portfolio returns using beginning of period market values. Prior to 1/1/21, composite returns were calculated monthly by weighting the aggregate SMA/Wrap sponsor returns using beginning of period market values.
- "Pure" gross of fees returns are presented as supplemental information and do not reflect the deduction of any fees including trading costs. Net returns are calculated by deducting the highest applicable wrap fee of 3.00% annually from the pure gross composite return. The SMA fee includes all charges for trading costs, portfolio management, custody and other administrative fees. The actual fee may vary by size and type of portfolio. The maximum SMA or bundled external platform fee is 2.84% annually and includes SCM's actual management fee of 0.34%. SCM's actual management fees are 0.50% annually or less. Since inception, the composite is comprised 100% of wrap fee portfolios.
- Effective 1/1/22, portfolios are removed from the composite for flows 10% or greater of prior month portfolio market value. Portfolio remains out of the composite for the month of the flow and for one additional period. Prior to 1/1/22, portfolios were not removed from the composite for flows.
- The appropriate benchmark is the Russell 3000® Index. The Russell 3000® Index measures the performance of the largest 3,000 U.S. companies, representing approximately 98% of the investable U.S. market. It represents the universe of stocks from which all-cap managers typically select. The index is reconstituted annually. Total return includes price appreciation/depreciation and income as a percent of original investment.
- The annual composite dispersion presented is measured by an asset-weighted standard deviation calculation method of all portfolios in the composite for the entire year, and is calculated using gross of fee returns. It is not meaningful when there have been less than six portfolios in composite for entire calendar year. The three year annualized standard deviation measures the variability of the composite and benchmark returns over the preceding 36-month period. The composite 3-year standard deviation is calculated using gross of fee returns. It is not required to be presented when a full three years of composite performance is not yet available.
- Effective 1/1/22, number of portfolios is based on underlying accounts at the wrap sponsors. Prior to 1/1/22, number of portfolios was reported as the number of wrap platforms.