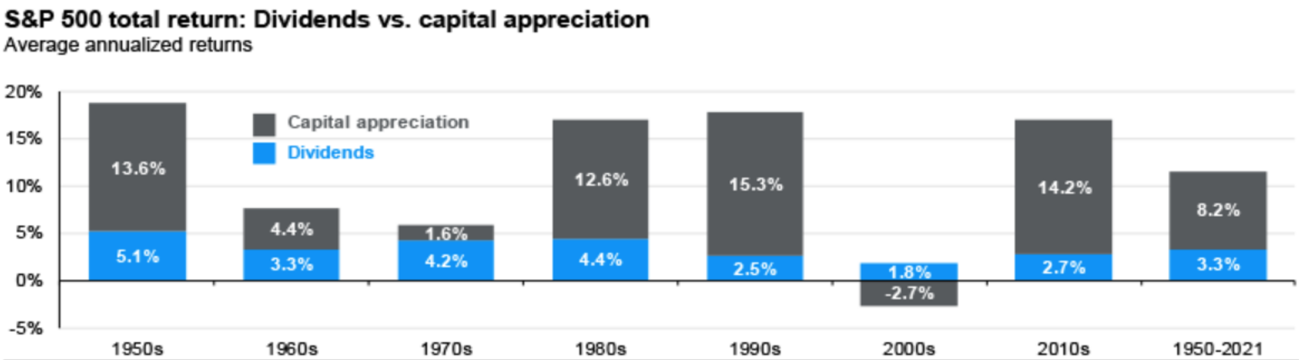
Equity Income SMA Commentary

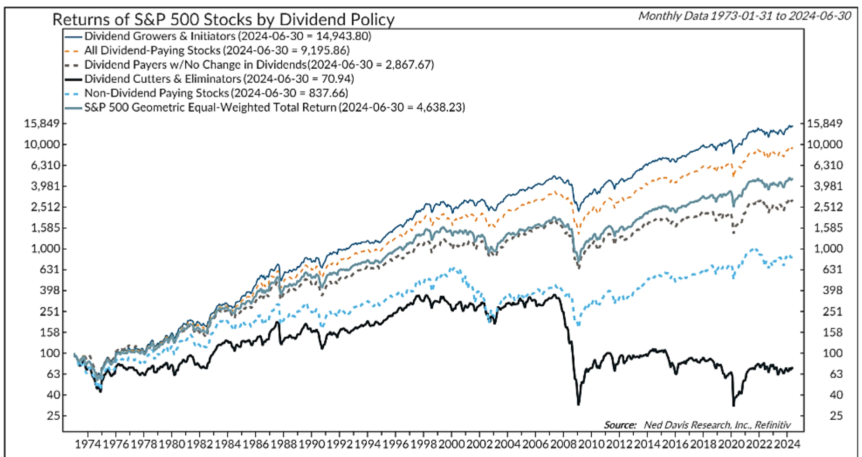
2nd Quarter 2024

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 demand 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 7.7% for equally-weighted members of the S&P 500, 4.2% for no-yield constituents, and a woeful -0.7% 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 - 2024-06-30

Portfolio	Gain/Annum %	Growth of $100
Dividend Growers & Initiators	10.2	14943.8
All Dividend-Paying Stocks	9.2	9195.9
Dividend Payers w/No Change in Dividends	6.7	2867.7
Dividend Cutters & Eliminators	-0.7	70.9
Non-Dividend Paying Stocks	4.2	837.7
S&P 500 Geometric Equal-Weighted Total Return	7.7	4638.2

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Source: Ned Davis Research.

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Quarterly Review

Performance	QTR	YTD	1YR	3YR	5YR	10YR	Since Inception[1]
Sterling (Gross)	-2.28%	4.85%	15.98%	8.63%	11.82%	10.42%	10.31%
Sterling (Net)	-3.01%	3.31%	12.63%	5.48%	8.59%	7.22%	7.11%
Russell 1000® Value Index	-2.17%	6.62%	13.06%	5.52%	9.01%	8.23%	7.22%

For the quarter, the Equity Income strategy returned -2.28% on a gross basis and -3.01% on a net of fee basis relative to the -2.17% return for the Russell 1000® Value Index.

While the majority of our investment pillars came back into favor this quarter, several individual stocks detracted from performance. We subsequently reduced or eliminated several of those positions. On a sector-relative basis, performance was mixed with positive contributions from our asset management and technology holdings, offset by not owning economically-sensitive stocks in Industrials, while owning more stable earnings holdings in consumer staples and healthcare.

Similar to the second quarter last year, we used the short-term out-of-favor status of more stable earning companies with strong secular growth prospects as an opportunity to buy advantaged value stocks. We believe that stable profits and return on equity (ROE) are both characteristic of quality stocks. This quarter, we were able to add two stocks with above-average ROEs, both priced at below-market valuations. As a result, we believe we improved the quality of the strategy as measured by ROE, enhanced the dividend growth rate of Equity Income, and maintained the same overall valuation. In fact, the median ROE of our holdings was twice that of our benchmark as of June 30, meaning they compounded their equity value at twice the rate of the benchmark. We believe it positions our portfolio of companies that have histories of sustainable value creation and earn meaningfully higher returns on capital to trade at higher valuations than those earning average returns on capital (in this case the benchmark).

Why do we get excited about buying high quality franchises at valuations at or below the average valuation for a stock in the market? When quality is on sale, it provides an opportunity to own a characteristic that we believe has the distinct property of outperforming not only over time (in this case the past 39 years), but also in down markets, according to Ned Davis Research.

[1]Inception date is 12.31.2000. Data is as of 06.30.2024. 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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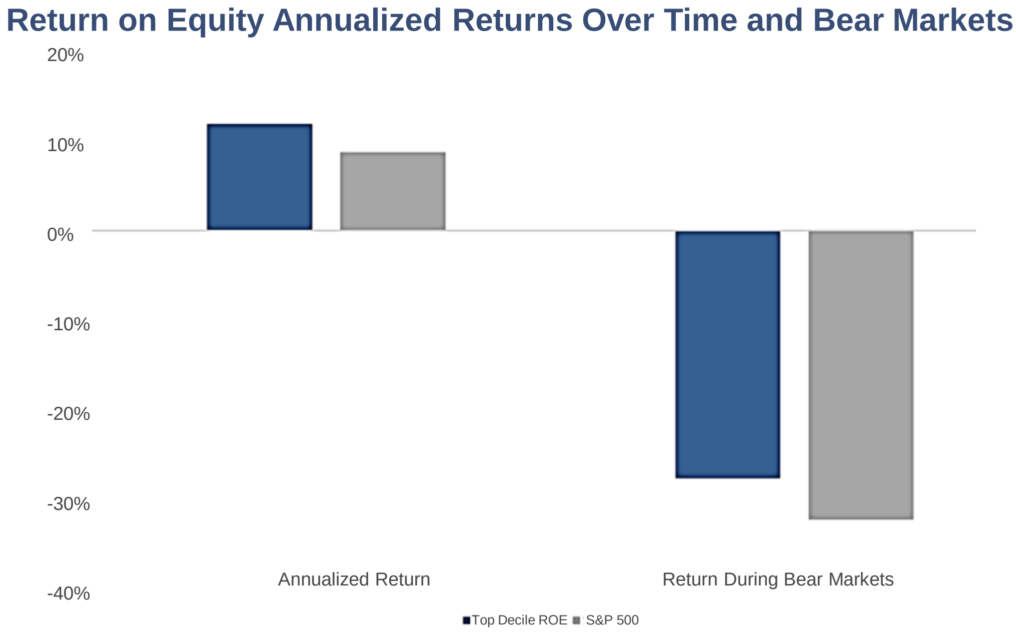

Source: Ned Davis Research. Returns are equal-weighted. Data is as of 06.03.2024.

For our existing holdings, earning high ROE this quarter enabled them to deliver higher dividend payments, whereas dividend growth declined in the market. The following chart provides a summary of dividend increases for strategy holdings paid this quarter.

Equity Income Holding	2Q24 Dividend Increase
Ameriprise Financial	10%
Avery Dennison	9%
Johnson & Johnson	4%
Metlife	5%
Microchip Technology	18%
Nasdaq	9%
Pepsi	7%
UnitedHealth	12%

Source: Bloomberg L.P. Data is as of 06.30.2024.

Portfolio holdings Johnson & Johnson and Pepsi have grown their dividends for 62 and 52 consecutive years, respectively. Moreover, the 5-year average dividend growth rate for the strategy improved during the quarter. We actively seek to access the ability of our strategy holdings to sustain and grow their ROE, compete in the marketplace, and allocate capital effectively. This quarter, for example, we met with two of our holdings that earn ROE in excess of our benchmark. The first was Raymond James Financial, where we met with the chief executive officer and the chief financial officer at their investor conference in Florida. We discussed their efforts to drive higher ROE by hiring new financial advisors that leverage their technology infrastructure.

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Sources: Raymond James; Sterling Capital.

We also met with Marsh McLennan management at their office in New York City. We discussed their strategy of reinvesting in their business at a higher rate than peers to compound business returns at a faster rate. As they grow their business faster than their administrative costs, they appear positioned to enhance ROE in the future.

Source: Sterling Capital.

We would note that both Raymond James Financial and Marsh McLennan have not only raised their dividends year-over-year but also reduced their shares outstanding over the past 12 months, according to Bloomberg L.P. The dual return of cash through dividends and buybacks is consistent with Equity Income holdings overall as these companies have reduced their share count by -1.8% on average as of June 30, according to Bloomberg L.P. For Equity Income clients, we believe this translates to greater ownership of these quality businesses compared to a year ago.

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2Q24 Attribution

Leading Contributors	Portfolio Weight	Gross Contribution to Return	Net Contribution to Return
Analog Devices, Inc.	4.12	0.60	0.57
Goldman Sachs Group, Inc.	3.93	0.35	0.32
Microsoft Corporation	5.68	0.34	0.29
Elevance Health, Inc.	4.99	0.26	0.23
Altria Group, Inc.	3.10	0.21	0.19

Sources: FactSet; Sterling Capital Management Analytics.

Our largest positive contributor was a position we added to earlier in the quarter, **Analog Devices**. We believe their positive commentary around improvement in the analog semiconductor cycle buoyed the shares. **Goldman Sachs** reported that their leading mergers and acquisitions business pipeline was improving while also gaining market share in capital markets. **Microsoft's** revenue growth accelerated this quarter, with its Azure cloud offering growing 31% year-over-year and its generative AI Copilot application now used by over 60% of Fortune 500 companies. **Elevance Health** reassured investors with its strong earnings performance in its Medicare segment, assuaging concerns that medical costs would impair profit margins. Finally, **Altria** revealed they sold a portion of their AB InBev investment that may enable them to augment their already robust share buyback.

Leading Detractors	Portfolio Weight	Gross Contribution to Return	Net Contribution to Return
CVS Health Corporation	0.84	-0.76	-0.77
Accenture Plc Class A	2.55	-0.57	-0.59
Ferguson Plc	4.50	-0.51	-0.54
Home Depot, Inc.	3.24	-0.34	-0.36
NIKE, Inc. Class B	1.41	-0.32	-0.33

Sources: FactSet; Sterling Capital Management Analytics.

In terms of detractors, **CVS Health** announced they had materially underestimated their Medicare medical loss costs, potentially leading to years of challenged profitability. As a result, we sold our shares this quarter. **Accenture** experienced negative organic growth, leading to concerns over persistent pricing pressure on the business. **Ferguson** shares took a breather this quarter as they forecasted modest profit margin improvement, but also communicated that demand from mega projects would persist through 2025. **Home Depot** continues to work through difficult year-over-year same-store sales trends, but announced it is growing stores in eight new markets and opening seventeen fulfillment centers to service its growing professional business. Finally, **Nike** reported underwhelming results and guidance this quarter, with the Paris Olympics and their scheduled November 2024 Investor Day providing potential positive catalysts for the stock.

Please refer to the Performance Disclosure found on page 10.

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Purchases

- **United Health (UNH):** Over the last year, UNH has faced multiple short-term headwinds that resulted in its stock pulling back to nearly its cheapest valuation relative to the S&P 500® Index in over ten years. This was caused by elevated hospital utilization headwinds due to an increase in post-COVID-19 elective procedures and elevated seasonal flu patterns, the Change Healthcare cyberattack, the Justice Department reviewing UNH's acquisition of Amedisys, and Centers for Medicare & Medicaid Services (CMS)'s Medicare Advantage policy.

We believe these headwinds have created price dislocation which provided us with a compelling opportunity to initiate a position. While these headwinds are noteworthy, we believe that most of the bad news is behind us. UNH management plans to take a ~$1.15-1.35 per share hit for the Change Healthcare cyberattack while operations are nearly back to normal, and according to their most recent earnings call, they now believe they have one of the best cybersecurity processes in the industry. In terms of elevated utilization patterns, we would note that much of this headwind is transitory in nature given post-COVID-19 elective procedure catchup and a worse-than-expected flu season. Furthermore, we feel UNH has proven to be among the most adept in the industry at analyzing claims patterns and plan pricing. Lastly, on the Medicare Advantage side, CMS's recent rate notice has led many competitors who had not properly prepared for the three-year risk adjustment model phase to focus on preserving margins and shrinking their subscriber books. UNH, on the other hand, stated on their most recent earnings call that they believe they are well-positioned to meet the risk adjustment model and may even be able to capitalize on competitor weakness and grow its market share. A hawkish CMS may also have the unintended consequence of consolidating the Medicare Advantage industry, which would further benefit UNH. Overall, we believe the company is set up to realize its 13-16% long-term earnings per share (EPS) growth target, providing a compelling risk-reward ratio to initiate a position.

- **Nike (NKE):** Nike has a strong brand presence and a history of innovation. Founded in 1964, Nike is one of the world's largest footwear, apparel, and sports equipment companies, with a long list of athletic sponsorships. We were attracted by the opportunity to own a leading growth franchise with an excellent balance sheet and profitability metrics at its lowest relative valuation in ten years. While the growth rate of new entrants has outpaced that of Nike, it has worldwide brand recognition, and we believe over the next several years, Nike will refresh its product lines and roll out a new marketing campaign that will accelerate top line growth. During COVID-19, Nike appropriately prioritized direct-to-consumer distribution as significant portions of the retail footprint shut down for safety reasons. Post-COVID-19, Nike has been relatively slow to refocus on retail distribution, and this has allowed other brands to gain market share. Fortunately, we believe this is a fixable problem. We believe that Nike's management team has an opportunity to return to the company's roots by refocusing on product development and marketing.

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Removals

- **Discover Financial (DFS):** We sold our remaining position in the credit card company after Capital One reached an agreement to acquire DFS in an all-stock deal that represented a 27% premium to DFS's prior-day close.

- **Air Products and Chemicals (APD):** We sold our position in APD as several of their energy projects were delayed, at odds with our investment thesis that they would continue to crisply execute their capital investment plan. The recent material slowdown in the dividend growth rate, as well as statements by management that signaled a willingness to take debt levels above our comfort zone, both contributed to our desire to redeploy capital into other investments with a history of higher dividend growth rates and less future debt risk.

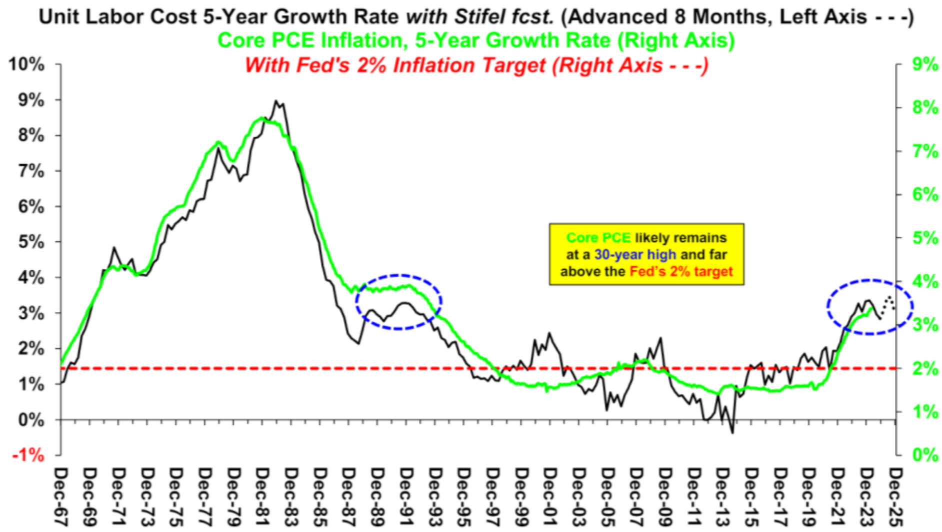
- **CVS (CVS):** We sold our stake in CVS after the results of the acquisition of managed care provider, Aetna, were inconsistent with our investment thesis. Unfortunately, recent results indicate CVS appears to have materially underestimated medical loss costs for this business, potentially leading to years of challenged profitability. Our investment thesis was that the managed care business would provide material benefits and cash flows to the business, not future years of marginal profitability. With our primary reason for ownership no longer in place, we elected to redeploy capital to more promising opportunities.

- **Skyworks Solutions (SWKS):** Our investment thesis when we purchased the company was that the combination of an attractive valuation, strong free cash flow (FCF), and the potential to gain market share provided an attractive investment opportunity. During our ownership period, challenging end market demand caused us to trim the position, and we sold our remaining shares of the wireless semiconductor company this quarter after it lost market share with its largest customer, Apple.

Outlook

The amount of liquidity injected into the U.S. economy to fight COVID-19 was the largest such action in the nation's history. For some perspective, in terms of inflation-adjusted dollars, it was roughly the same amount spent on World War II, but distributed in half the time and solely infused in the U.S. At present, we have $6.4T in U.S. money market accounts as this liquidity pool remains in the system. With various measures of inflation continuing to trend above the Federal Reserve's 2.0% target, we would note that labor costs and wage expectations remain elevated.

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

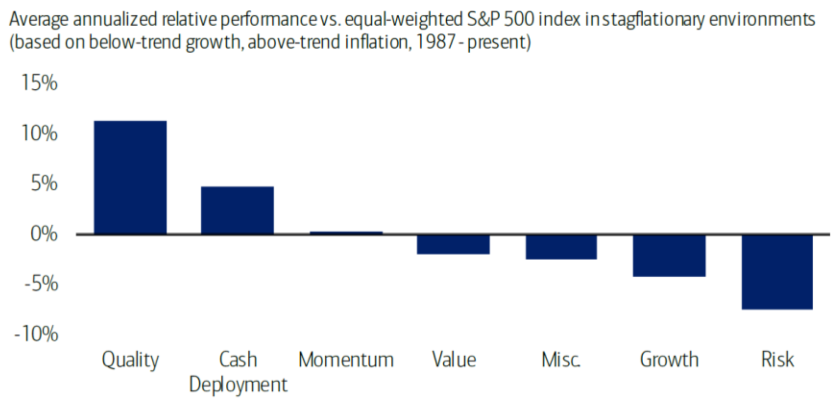


PCE: personal consumption expenditures. Source: Stifel.

In contrast to analysts that expect inflation measures to glide down to the 2.0% target, our concern remains that still-tight labor markets, the persistent housing shortage, resilient producer and import price inflation, and import tariffs could keep inflation elevated with risk to the upside. In a recent survey of client sentiment, Charles Schwab CEO Walt Bettinger stated that inflation is the most pressing concern among its 35MM clients. Whether one invests for an endowment, corporation, pension fund, or individually, we believe the investing environment has changed from a decade ago to consider real returns adjusted for inflation versus nominal returns.

Amid elevated inflation, economic indicators such as gross domestic product (GDP) and the Institute for Supply Management (ISM) Manufacturing Index recently indicated slowing growth, making the case for moderate stagflation (the combination of slowing economic growth amidst rising inflation). While we do not know the future, we believe it's prudent to prepare for potential changes in the investing landscape and to study the potential outcomes. Noting the chart below, historically, quality and cash deployment (dividends and share buybacks) appear to shine in a slow growth, higher inflation environment.

Quality, Dividends, and Share Repurchases Perform Well During Stagflationary Periods



Source: BofA Global Research,

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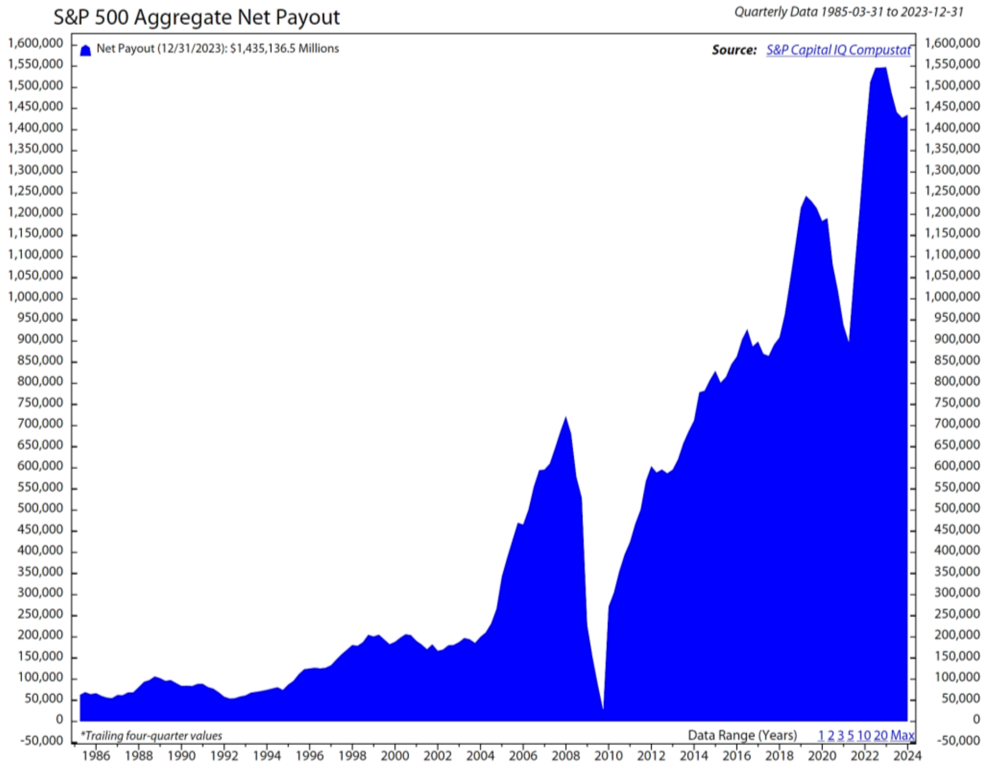
As we look into the rest of 2024 and toward 2025, we believe Equity Income is differentiated by our ownership of high-quality, advantaged value companies that earn returns on capital well in excess of the market. We believe this enables them to fund the growth of their companies while also having the financial strength to return cash to shareholders at an increasing rate, regardless of the environment. Noting the chart below, the overall market has decreased the amount of cash it returns to shareholders as of late.

Net Payout (Dividends & Buybacks) Down 7% in 2023



Source: Ned Davis Research. Data is as of 12.31.2023.

In contrast to the market, we would note that Equity Income's dividend growth rate not only improved this quarter, but our holdings returned cash to shareholders through share repurchases over this period. We believe there is value in scarcity, and in the near term, owning companies that accelerate cash returns in a market that has reduced its payouts places Equity Income in a strong position. Longer term, our carefully selected portfolio of high-quality companies are compounding capital at a higher rate than the market. We believe these companies have the potential to be awarded corresponding higher valuations. This quarter, by enhancing the quality and dividend growth for the strategy while keeping valuation constant in a market that saw returns and dividend growth decline, we believe we have placed Equity Income in an advantaged position going forward.

Thank you for your investment and confidence in us.

Chip Wittmann, CFA®
Co-Portfolio Manager

Jeremy Lopez, CFA®
Co-Portfolio Manager

Important Information

Disclosures

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

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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. **Earnings Per Share (EPS)** is a key metric used to determine the common shareholder’s portion of the company’s profit. EPS measures each common share’s profit allocation in relation to the company’s total profit. **Free cash flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets. **The ISM Manufacturing Index**, also known as the purchasing managers' index (PMI), is a monthly indicator of U.S. economic activity based on a survey of purchasing managers at manufacturing firms nationwide. It is considered to be a key indicator of the state of the U.S. economy. **Personal consumption expenditures (PCE)**, also known as consumer spending, is a measure of the spending on goods and services by people of the United States. **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 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 Assets (MM)	Total Firm Assets (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.