

Focus Equity SMA Commentary

1st Quarter 2025

Quarterly Review

Performance	QTR	YTD	1YR	3YR	5YR	Since Inception ¹
Sterling (Gross)	-7.04%	-7.04%	-7.49%	3.22%	11.76%	13.77%
Sterling (Net)	-7.74%	-7.74%	-10.21%	0.21%	8.52%	10.48%
Russell 1000® Growth Index	-9.97%	-9.97%	7.76%	10.10%	20.09%	16.22%

Performance and Market Update

Focus Equity contracted -7.04% gross and -7.74% net in Q1 as macro factors pushed markets into correction territory, pressuring domestic indices into their worst showing since mid-2022.² Slowing economic data, rising global tensions, and increasing policy uncertainty contributed to an unwinding of the “Trump trade”, giving way to increased market volatility and lower Treasury yields.³ Reversing 2024 trends, defensive sectors including healthcare and real estate were strong in Q1, with consumer discretionary, technology, and communication services weaker, as illustrated by Focus Equity holdings discussed in *1Q25 Attribution*.

After two years of relatively low volatility and solid returns for stocks (57.8% total return over the prior two years, marking its best two-year performance since 1998), the first quarter of 2025 was a rude awakening.⁴ Fears over trade wars changed the market conversation from a focus on a soft landing for the economy and Federal Reserve (Fed) interest rate cuts to worries about returning upward inflation pressure from tariffs, collapsing consumer confidence, and rising odds of economic recession.⁵ The result was a sharp turn lower in the U.S. stock market from record highs in mid-February to a correction, with the Russell 1000® Growth (R1000G) Index finishing Q1 down -9.97%, lagging Focus Equity. The “Magnificent Seven” mega-cap cohort of companies continued their dominance by comprising 105% of Q1 market returns, a significant uptick from their >50% average of annual market performance since 2020.⁶ Despite valuation multiple compression from their Q1 swoon, fueling commentary to rebrand these mega caps the “Lag 7”, they remain more expensive than the rest of market.⁷ In part for this reason, Focus Equity largely invests in companies outside this mega-cap cohort where we seek to find reasonably valued and attractive business models backed by talented managers who seek to successfully execute within large addressable markets.

¹Inception date is 12.31.2015. Data is as of 03.31.2025. 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.

²The Wall Street Journal.

^{3,4}J.P. Morgan.

⁵Reuters.

⁶J.P. Morgan. The “Magnificent Seven” refers to a group of seven large cap technology companies (Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA, and Tesla) that have significantly influenced the U.S. stock market and global economy in recent years.

⁷Trueshares.



Focus Equity SMA Commentary

1st Quarter 2025

We believe it's timely and topical to highlight structural market changes that took effect in March – specifically, the London Stock Exchange Group (LSEG)'s Russell index methodology updates which cap the weights of mega-cap index constituents.⁸ Simply put, since mega-cap growth drove index concentration beyond U.S. regulatory fund limits, LSEG will now formulaically constrain these companies' index weight relative to other benchmark constituents, which we believe supports broader market participation. We speculate this development could be positive for strategies like Focus Equity which have weighted exposures that differ from, or aren't included in, the R1000G.

1Q25 Attribution

Leading Contributors	Portfolio Weight	Total Return	Gross Contribution to Return
CoStar Group, Inc.	6.71	10.67	0.59
Veeva Systems Inc Class A	4.10	10.17	0.33
S&P Global, Inc.	8.23	2.21	0.13
IDEXX Laboratories, Inc.	6.44	1.57	0.04
ASML Holding NV Sponsored ADR	3.53	-4.22	-0.14

Sources: FactSet; Sterling Capital Management Analytics.

CoStar reported its *55th consecutive* quarter of double-digit revenue growth (11% year-over-year (y/y)) alongside 21% sequential growth in net bookings. Company management also announced a \$500MM share repurchase program.⁹ We don't believe current adjusted earnings before interest, taxes, depreciation, or amortization (EBITDA) margins reflect CoStar's underlying long-term profit potential as several large investment initiatives are underway. First is the expansion of the sales force by 35% to support Homes.com. Second is the incremental technology CoStar is building into the platform, including the integration of Matterport, a deal that closed in Q1. Third is the platform's international footprint expansion, accelerated by inorganic investments in assets including OnTheMarket (U.K.) and Domain Holdings (Australia).^{10,11} CoStar management remains cautiously optimistic about commercial real estate market recovery, specifically noting positive trends in demand and absorption for office space.¹²

We think **Veeva's** 14% y/y revenue momentum indicates continued client traction. We also believe that a robust non-generally accepted accounting principles (GAAP) operating margin (43% of revenue) signals the company's ability to maintain strong profitability while transitioning its stack to the first-party Vault platform.^{13,14} The company reported significant progress across its product lines with 20 new Vault CRM customers added in Q4, bringing its total live customers to over 50.¹⁵ In the Development Cloud, a top 20 biopharma selected six major applications, representing one of Veeva's largest subscription orders ever. Data Cloud saw momentum with Compass Patient adding 17 brands in 4Q24, exceeding 100 brands total. We believe the company retains a long runway for additional expansion within its core markets.

⁸London Stock Exchange Group.

^{9,10}ACoStar Group news release.

¹¹Domain.

¹²CoStar earnings call transcript.

^{13,14}Veeva press release.

¹⁵Veeva earnings release.

Please refer to the Performance Disclosure found on page 10.

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).

Focus Equity SMA Commentary

1st Quarter 2025

S&P Global reported 14% y/y revenue growth while adjusted earnings per share (EPS) increased 20%.¹⁶ The Ratings division (27% growth) drove strong performance, stemming from robust refinancing activity, tight credit spreads, and strong collateralized loan obligation (CLO) volumes.¹⁷ Indices grew 21% with higher assets under management (AUM) and inflows. Market Intelligence showed promising signs, in our view, with improved retention rates and no significant competitive losses. We believe this underpinned positive investor sentiment for company management's outlook since the division witnessed some competitive pressure in prior periods. S&P Global management highlighted momentum in artificial intelligence (AI) initiatives. Energy transition products and private market solutions grew 23% and 29% respectively in Q4. The company returned \$4.4B to shareholders in 2024, authorized a \$4.3B share repurchase, and announced its 52nd consecutive dividend increase. An internal measure of the company's product innovation, S&P Global's Vitality Index remained strong at 11%.¹⁸

IDEXX reported 6% y/y revenue growth with 10% adjusted EPS.¹⁹ The company achieved 9% premium instrument installed base growth.²⁰ IDEXX projects solid 2025 organic revenue growth of 7.5% at the midpoint, and their outlook includes assumptions for continued clinical visit pressure, though we believe trends ought to inflect as pet populations age.²¹ Company management also projected \$1.5B in share repurchases and highlighted progress in their innovation pipeline, including initial shipments of the inVue Dx cellular analyzer, with plans to launch Cancer Dx for canine lymphoma. International performance remains encouraging, with double-digit Companion Animal Group (CAG) Dx recurring revenue growth in Europe for seven consecutive quarters. The gross margin improved by 130 basis points (bps) with potentially more expansion ahead, driven by projected 2025 net price improvement >4%.²²

In our view, **ASML** delivered strong 4Q24 revenue, and profitability was bolstered by higher Installed Base Management revenue and the recognition of two High-NA systems.²³ Gross margin reached 51.7%, exceeding guidance thanks to additional equipment upgrades and lower costs for High-NA system introductions.²⁴ We thought quarterly bookings stood out at €7.1B, though we acknowledge this metric can often be fluid with each sequential quarter.²⁵ Extreme ultraviolet (EUV) equipment represented 42% of these bookings, showing renewed strength in the advanced technology segment. CEO Christophe Fouquet highlighted AI as a key driver for growth in the industry, noting he thinks it has created a market shift that affects customers differently. This dynamic underpins their 2025 outlook of €30-35B in revenue, and we remain cautious about near-term AI demand fluctuations, particularly regarding DeepSeek's potential impact on cloud computing infrastructure plans. We still regard AI as a fast-developing market with rapidly shifting competitive contours.

¹⁶S&P Global press release.

¹⁷S&P Global earnings call transcript.

¹⁸S&P Global.

¹⁹IDEXX earnings release.

²⁰IDEXX earnings snapshot.

²¹American Kennel Club.

²²IDEXX earnings call transcript.

²³ASML press release.

²⁴ASML earnings call transcript.

²⁵ASML financial results.

Please refer to the Performance Disclosure found on page 10.

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).

Focus Equity SMA Commentary

1st Quarter 2025

Leading Detractors	Portfolio Weight	Total Return	Gross Contribution to Return
ServiceNow, Inc.	3.86	-24.90	-0.94
Alphabet Inc. Class C	4.81	-17.87	-0.82
HubSpot, Inc.	4.30	-18.01	-0.74
Amazon.com, Inc.	5.60	-13.28	-0.68
Saia, Inc.	2.98	-23.33	-0.64

Sources: FactSet; Sterling Capital Management Analytics.

ServiceNow's subscription revenue grew 21% while its adjusted current remaining performance obligation (cRPO) expanded 22%.²⁶ The company closed 170 deals over \$1MM in net new annual contract value (ACV), including 19 exceeding \$5MM, and landed its largest new logo deal ever.²⁷ Customer adoption of AI accelerated, with Now Assist deals growing 150% sequentially, reaching approximately 12% of total installed base. Additionally, stock-keeping units (SKUs) maintained a 30%+ price uplift over Pro offerings. For 2025, company management expects continued robust subscription revenue growth near 20% as they incorporate a strategic shift toward consumption pricing for AI agents. They also expect a 2025 operating margin expansion of >100 bps, a free cash flow (FCF) margin of >30%, and an additional \$3B of share repurchases.²⁸ However, we think revenues tied to ServiceNow's federal business may be more back-half weighted due in part to the U.S. administration change.

Alphabet grew overall revenue 12% y/y as Search remained strong (13%) and YouTube advertising (14%) benefited from U.S. election spending.²⁹ Google Cloud had 30% revenue growth as executives noted that demand exceeded available capacity.³⁰ The company achieved a 31% increase in operating income, with margins expanding to 32%. For 2025, company management expects to invest approximately \$75B in capital expenditures (CapEx), primarily for technical infrastructure, as they highlighted AI as a key growth driver across all business segments. Separately, Alphabet announced plans to acquire cloud security company Wiz for \$32B, with the deal expected to close in 2026.³¹

HubSpot grew revenue 21% y/y and added 9,800 net new customers, reaching nearly 248k globally.³² Net revenue retention improved to 104%, up 200 bps sequentially, while adjusted operating margin reached 19% for Q424 and 17% for the full year. Multi-hub adoption continued to strengthen, with 35% of Pro+ annual recurring revenue (ARR) coming from customers using 4+ hubs, up 700 bps y/y.³³ AI initiatives showed strong momentum, in our view, with Breeze copilot reaching 75k weekly active users and agent.ai growing from 50k to over 900k users in six months. HubSpot's internal AI implementation generated 10k+ sales meetings in 4Q24 while handling 35% of support tickets without additional headcount. We see four key growth vectors in 2025: sales rep-driven growth, improved retention, migration to new pricing, and ongoing AI innovation.³⁴

²⁶ServiceNow financial results.

²⁷ServiceNow earnings call presentation.

²⁸ServiceNow investor presentation.

²⁹Alphabet earnings release.

³⁰Alphabet earnings call transcript.

³¹Alphabet news.

³²HubSpot news release.

³³HubSpot earnings call transcript.

³⁴HubSpot investor presentation.

Please refer to the Performance Disclosure found on page 10.

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).

Focus Equity SMA Commentary

1st Quarter 2025

Amazon's revenue grew 10% y/y while operating income expanded 61% as CEO Andy Jassy continued his focus on driving improved profitability.³⁵ Importantly, growth was broad based with North America (10%), International (8%), Advertising (18%), and Amazon Web Services (AWS) (19%) reaching an \$115B annualized revenue run rate.³⁶ The company highlighted improved delivery speeds, with over 9B units delivered same- or next-day worldwide in 2024 and expanded same-day delivery sites by more than 60%. AWS continues investments in AI, including the launch of their Trainium2 chips offering 30-40% better price performance than current graphics processing unit (GPU)-based instances. They're also developing their own frontier models called Nova and expanding Amazon Q capabilities. Amazon's focus on robotics, network optimization, and AI innovation remains central to its growth strategy.³⁷

Saia reported modest revenue growth of 5% y/y as the freight cycle remains weak, in our view.³⁸ However, we see the company quickly densifying its recently expanded network with shipments per workday up 4.5%, revenue per shipment (ex-fuel) up 1.3%, and weight per shipment up 3.7%. We believe Saia had a milestone year in 2024 as it opened 21 new terminals and relocated nine others, bringing their total footprint to 214 terminals with national coverage across all 48 contiguous states. The company also placed over 6k trailers into service and onboarded 1,300 new team members. Contract renewal pricing remained strong, averaging 7.9%. With 75% of recent shipment growth coming from terminals opened in 2024, company management expects 80-100 bps of operating ratio improvement this year.³⁹

Portfolio Changes and Diligence Updates

No material changes were made to Focus Equity portfolio holdings during Q1. 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.

In February, we participated in **Tokyo Electron's** first Investor Day since 2021, which provided detailed explanations of growth strategies across its product portfolio. Company management maintained that semiconductor market fundamentals remain strong, with wafer fabrication equipment (WFE) expected to grow at a 10% compound annual growth rate (CAGR) and test/assembly equipment to grow at a 13% CAGR from 2024-2030.⁴⁰

³⁵Amazon earnings release.

³⁶Amazon earnings call presentation.

³⁷Amazon financial results.

³⁸SAIA financial releases.

³⁹SAIA earnings call transcript.

⁴⁰TEL.

Please refer to the Performance Disclosure found on page 10.

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).

Focus Equity SMA Commentary

1st Quarter 2025

The company is expanding its serviceable addressable market (SAM) across multiple product segments. In etching (32% of new equipment sales), Tokyo Electron is deploying its high-etching rate technology to dynamic random-access memory (DRAM) capacitors and logic gate processing. For deposition equipment (21%), they're growing in markets with historically low presence through single-wafer deposition and sputtering equipment. Cleaning equipment (12%) is seeing adoption of new systems combining batch and single-wafer processes. The company is also developing back-end processing equipment including bonding systems for advanced packaging. Their midterm plan targets sales of ¥3T, operating margins of 35%+, and return on equity (ROE) of 30%+ by March 2027. Company management expressed confidence in achieving topline targets based on current process of record acquisitions and new product launches, though acknowledged the operating margin target is challenging.

We also plugged into **Synopsys's** 35th annual Synopsys Users Group conference, where CEO Sassine Ghazi and Microsoft CEO Satya Nadella discussed the evolution of AI in engineering workflows.⁴¹ Ghazi outlined his vision for transitioning from AI assistants (copilots) to autonomous AI agents (autopilots), categorizing this evolution into five levels similar to autonomous driving: L1 (assisting); L2 (acting); L3 (orchestrating); L4 (planning); and L5 (decision making). The conference highlighted multiple technology factors shaping advanced silicon design: 3D integrated circuit (IC) packaging, intellectual property (IP) advancements, advanced nodes, verification, silicon lifecycle management, and advanced electronic design automation (EDA). Ghazi emphasized that AI implementation has delivered productivity increases of 35-40% for central processing unit (CPU) and GPU providers.⁴² A panel with representatives from Meta, NVIDIA, Arm, and Taiwan Semiconductor Manufacturing Company discussed AI-driven changes in chip design, noting that AI models are evolving faster than hardware. Arm CEO Rene Haas reported strong adoption of their Compute Subsystem offerings, with 12 licensees including NVIDIA.

Finally, we participated in a variety of company management updates as these teams engaged with our sell-side banking partners at conference events.

⁴¹Synopsys.

⁴²Synopsys earnings presentation.

Focus Equity SMA Commentary

1st Quarter 2025

Outlook

We think Q1 marked a stark pivot point for markets which was fueled by waning consumer and investor sentiment. The data supporting our assertion are manifest. First, in February, the Conference Board's Consumer Confidence Index registered its largest monthly decline since August 2021, coinciding with the Commerce Department recently reporting the largest monthly decline in consumer spending in nearly four years.^{43,44} Second, Fed gauges of businesses' CapEx intentions, along with homebuilder sentiment, plummeted.⁴⁵ Third, cryptocurrencies (oft-cited barometers of investors' animal spirits) fell hard, with bitcoin slumping 12% (compared to a gain of 52% in 4Q24) while Ethereum, the second-largest cryptocurrency, fell 45%.⁴⁶ Fourth and finally, tariff headlines percolated throughout the quarter, punctuated by the U.S. administration's "Liberation Day" unveiling of the most sweeping tariff hikes since 1930's Smoot-Hawley Tariff Act.⁴⁷ Simply put, we believe there's plenty to be worried about.

Stepping back to contemplate these ongoing developments and their implications for Focus Equity, our view is that costly tariffs reduce the size and growth of the economy while serving as a regressive consumer tax in the short run.⁴⁸ Therefore inflation, especially for lower-income consumers, may continue to hurt. However, Focus Equity companies with consumer exposures (including **Adyen** and **Shopify**) have merchant revenue models that feature built-in buffers (such as subscription and/or ad valorem pricing) which may help protect against hiccups in inflation and consumption. Moreover, as we have covered in previous commentaries, we believe that many of our Focus Equity holdings possess "bottleneck" characteristics, positioning them along a mission-critical constraint of a business ecosystem where their scarcity value may help protect their competitive position against cyclical (or tariff) headwinds. **Cadence Design Systems** and **Synopsys**, for example, enjoy >70% share of electronic design automation (EDA) industry revenues; **Tokyo Electron** and **ASML** have >90% share of revenues for coater/developer and lithography equipment, respectively; and **CoStar** has a near monopoly in commercial real estate data and analytics.⁴⁹ We think demand for these companies' products may remain strong no matter the economic weather given the dearth of credible alternatives. Finally, we acknowledge Focus Equity portfolio companies may benefit from certain U.S. administration policy developments, such as the executive order establishing the Department of Government Efficiency (DOGE) and the Software Modernization Initiative to improve the quality and efficiency of government-wide software, network infrastructure, and information technology (IT) systems.⁵⁰ We believe the strategy's software companies are among the industry's most modern platforms and may witness demand tailwinds.⁵¹ Generally, we feel our ongoing diligence suggests strategy holdings continue to grind out profit growth by controlling what they can and working within constraints of factors that they can't, including macro.

⁴³CBS News.

⁴⁴The Conference Board.

⁴⁵Bloomberg L.P.

⁴⁶Morningstar.

⁴⁷Center for Strategic & International Studies. The Smoot-Hawley Tariff Act of 1930 increased U.S. imports tariffs by an average of 40-60% in an effort to protect U.S. farmers during the Great Depression.

⁴⁸The Budget Lab.

⁴⁹Sterling Capital Management estimates.

⁵⁰The White House.

⁵¹Focus Equity software portfolio holdings include WDAY, HUBS, NOW, MSFT, and TEAM.

⁵²J.P. Morgan Asset Management.

This material references cryptocurrencies, including bitcoin. Such references are not a recommendation, an offer, nor a solicitation, to buy or sell Bitcoin or other cryptocurrencies.

Focus Equity SMA Commentary

1st Quarter 2025

Using our farsighted lens, we maintain abiding optimism as we believe Focus Equity remains well-positioned for the long term. One factor informing our view is Russell index performance data for the past decade which shows Large Growth compounding annually at a mid-teens rate, more than 600 bps faster than Large Value and more than *twice* as fast Small Growth and Value. Also displaying resilience through significant market drawdowns like 2022, Large Growth outperformed those same combinations of size and style not only since that year's market peak, but also since its low. Those figures help validate our view that, despite macro fog, Focus Equity is potentially positioned within an attractive and durable market segment over the long term. Our journey continues.

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

Just below the text of this letter, you will find Focus Equity's quarter-end position list. The strategy remains concentrated in 21 active positions with 42% of assets in the top five, 65% in the top ten, and 83% in the top 15 positions. We have relatively few eggs but watch our basket closely.

Thanks for your trust and investment in us.

Colin Ducharme

Colin Ducharme, CFA®
Portfolio Manager

Focus Equity SMA Commentary

1st Quarter 2025

March 31, 2025 Positions⁵³

Adyen	12.4%
S&P Global	9.0%
CoStar	7.7%
IDEXX	6.9%
Microsoft	6.2%
Amazon	5.4%
Veeva	4.6%
Alphabet	4.5%
Atlassian	3.9%
Hubspot	3.9%
Shopify	3.8%
MSCI	3.8%
Workday	3.8%
ASML Holding	3.5%
ServiceNow	3.5%
Tokyo Electron	3.1%
Synopsys	3.1%
Cadence	2.9%
Old Dominion	2.8%
Saia	2.6%
MongoDB	1.8%
Cash	0.8%
Top 5 Total	42.2%
Top 10 Total	64.5%
Top 15 Total	82.9%
Top 20 Total	97.4%

⁵³Representative 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.



STERLING
CAPITAL

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.

The opinions contained in this presentation reflect those of Sterling Capital Management LLC (SCM), are for general information only, and are educational in nature. The opinions expressed are as of the date of publication and are subject to change without notice. These opinions are not meant to be predictions and do not constitute an offer of individual or personalized investment advice. They are not intended as an offer or solicitation with respect to the purchase or sale of any security. This information and these opinions are subject to change without notice. All opinions and information herein have been obtained or derived from sources believed to be reliable. SCM does not assume liability for any loss which may result from the reliance by any person upon such information or opinions.

Investment advisory services are available through SCM, an investment adviser registered with the U.S. Securities & Exchange Commission and an indirect, wholly-owned subsidiary of Guardian Capital Group Limited. SCM manages customized investment portfolios, provides asset allocation analysis, and offers other investment-related services to affluent individuals and businesses.

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

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.

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 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: **Annual contract value (ACV)** is a sales metric for the SaaS industry, also known as "ACV bookings," that typically represents the average annual contract value of a customer subscription. **Annual recurring revenue (ARR)** refers to all ongoing revenue for a product or business, projected over one year. Companies that offer yearly subscriptions use this metric to determine how much revenue they can expect each year. **Assets under management (AUM)** is the market value of the investments managed by a person or entity on behalf of clients. AUM is used in conjunction with management performance and management experience when evaluating a company. **Capital expenditures (CapEx)** are funds used by a company to acquire, upgrade, and maintain physical assets such as property, plants, buildings, technology, or equipment. CapEx is often used to undertake new projects or investments by a company. **A Central Processing Unit (CPU)**, often called a processor, is the main hardware component in a computer that interprets and executes instructions from software. **A collateralized loan obligation (CLO)** is a securitization product created to acquire and manage a pool of leveraged loans. CLOs issue multiple debt tranches along with equity and use the proceeds from the issuance to obtain a diverse pool of syndicated bank loans. **The compound annual growth rate (CAGR)** is the rate of return (RoR) that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each period of the investment's life span. **The Consumer Confidence Index (CCI)** is a monthly survey that gauges consumer sentiment about the current and future economic conditions. **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. **DRAM (dynamic random access memory)** is a type of semiconductor memory that is typically used for the data or program code needed by a computer processor to function. DRAM is a common type of random access memory (RAM) that is used in PCs, workstations and servers. **Earnings per share (EPS)** is calculated as a company's profit divided by the outstanding shares of its common stock. The resulting number serves as an indicator of a company's profitability. It is common for a company to report EPS that is adjusted for extraordinary items and potential share dilution. **EBITDA**, short for earnings before interest, taxes, depreciation, and amortization, is an alternate measure of profitability to net income. It's used to assess a company's profitability and financial performance. **Free cash flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets. Unlike earnings or net income, free cash flow is a measure of profitability that excludes the non-cash expenses of the income statement and includes spending on equipment and assets as well as changes in working capital from the balance sheet. **A graphics processing unit (GPU)** is a computer chip that renders graphics and images by performing rapid mathematical calculations. GPUs are used for both professional and personal computing. **LSEG Russell indexes** are a family of US equity benchmarks created by FTSE Russell, a subsidiary of LSEG. They provide a range of US equity market coverage, from the largest large-cap stocks to microcaps, and are used by asset managers, ETF providers, and other financial institutions for benchmark tracking and investment product creation. **Non-GAAP** financial measures are alternative ways of presenting a company's financial performance that deviate from the standardized rules of GAAP (Generally Accepted Accounting Principles). **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. **The Serviceable Addressable Market (SAM)** is the portion of the Total Addressable Market (TAM) that a company can realistically target and serve with its current capabilities and business model. It represents the specific segment of the market that aligns with the company's strategic focus and resources. **The S&P Global Vitality Index** is a metric used by S&P Global to measure the revenue impact of innovation, specifically including product enhancements and new offerings. It's defined as the percentage of total revenue generated by these innovative sources, as a proportion of overall revenue. **A stock keeping unit (SKU)** is a number that is assigned to a product for the purpose of inventory management and ease of tracking. (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.



STERLING
CAPITAL

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

- 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.
- 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 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 12/31/2023. 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.
- 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.
- 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 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.
- "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 Sterling's actual management fee of 0.32%. Sterling'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.
- 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.
- 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.
- 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.