

Mid Cap Relative Value SMA Commentary

4th Quarter 2025

Investment Objective

The Sterling Capital Mid Cap Relative Value SMA seeks long-term capital appreciation. The portfolio uses a value investment approach to invest primarily in common stocks of mid-cap companies. We believe that undervalued companies with good earnings prospects have superior appreciation potential with reasonable levels of risk. Quantitatively, we focus on a stock's fundamental valuation relative to its peers. Qualitatively, we seek to identify business catalysts which will serve to drive future earnings growth, increase investor interest and expand valuation.

Performance	QTR	YTD	1Y	3Y	5Y	10Y
Sterling (Gross)	-2.95%	6.17%	6.17%	10.49%	8.60%	9.45%
Sterling (Net)	-3.67%	3.09%	3.09%	7.28%	5.45%	6.27%
Index	1.42%	11.05%	11.05%	12.27%	9.83%	9.78%

Key Quarterly Performance Notes

- The portfolio posted a total return of -2.95% (gross of fees) and -3.67 (net of fees) during the three-month period ended 12.31.2025. In the quarter, it underperformed the Russell MidCap Value® Index by 437 bps (on a gross basis) and underperformed the index by 509 bps (on a net basis).
- **Absolute Performance Drivers:** Within the portfolio, holdings in the Health Care, Materials, and Energy sectors performed the best on an absolute basis. Holdings within Information Technology, Consumer Discretionary, and Consumer Staples lagged.
- **Relative Performance Drivers:** On a sector basis, relative underperformance during the fourth quarter was driven by negative stock selection, primarily within the Information Technology, Financials, and Consumer Staples. Positive stock selection within the Real Estate, Energy, and Utilities sectors served as a partial offset.

Bps = basis points. 1The composite inception date is 07.01.2013. Data is as of 12.31.2025. Performance results prior to 08.01.2015 are considered "predecessor performance" and were achieved by the investment team when they were part of the Stratton Management Company. The benchmark is the Russell MidCap Value® Value Index. Performance is preliminary and is annualized for periods longer than one year. Net of fees performance returns are preliminary and are presented net of the investment management fees and trading expenses. Gross of fees performance returns reflect the deduction of 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. Net returns are calculated by deducting the highest applicable wrap fee of 3.00% annually from the gross composite return. Sources: Russell Investments; eVestment Alliance; Sterling Capital Management Analytics.

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Market Commentary

Mid Cap Market Review

- Mid-cap equities, represented by the Russell MidCap® Index, posted a total return of 0.15% in 4Q25. The quarter began with a federal government shutdown, which lasted into mid-November. During the shutdown, mid-cap stocks vacillated around flat versus September 30 prices before falling immediately after the government re-opened. However, the benchmark rebounded in the second half of the quarter to close nearly where it started.
- Within the Russell MidCap Value® benchmark, which gained 1.41% in 4Q25, sector performance varied widely. Health Care and Information Technology posted strong gains while Real Estate and Consumer Discretionary were laggards. Health Care was driven by biotechnology stocks, while Information Technology was again led by companies producing hardware components used in data center buildouts. Real Estate was the biggest laggard in the quarter, with investors shunning lower growth stocks in general. Discretionary was hampered by negative consumer confidence reports that intensified through the government shutdown.
- Within the mid cap segment, Value outperformed Growth by 511 bps for the quarter, the second consecutive quarter in which Value delivered better returns than Growth. The relative outperformance of Value to Growth was driven primarily by two sectors – Information Technology and Communication Services. Within both sectors, Value constituents delivered mid-to-high single digit returns and Growth names declined in price. The delineation was particularly acute within Information Technology, where the software-heavy Growth benchmark struggled while Value constituents in the technology hardware industries delivered strong returns. As in 3Q25, stocks with lower price to earnings and price to book multiples, hallmarks of Value, outperformed those with higher multiples. Stocks with higher beta, higher growth, and lower ROE also outperformed.

Outlook

- Executive branch actions drove strong market reactions in 2025, a trend which we expect to continue in 2026. The Trump administration has focused on policies to increase U.S. manufacturing via a combination of tax reform and tariffs, which we believe could drive increased corporate capital expenditures in coming quarters. The administration is also actively trying to encourage housing demand via a combination of higher supply and lower interest rates.
- Construction and manufacturing have relatively high economic multipliers. If both corporate capex spending and home building rise, we believe the entire U.S. economy should benefit.
- The build out of data centers across the U.S., which also necessitates the expansion of power-related infrastructure from pipelines to plants to transmission wires, is another driver of capital expenditures.
- Inflation has slowed in recent months. While we continue to expect inflation to abate as consumers balk at rising costs, longer-term interest rates may remain stubbornly above 4% due to the volume of government debt issuances.
- We continue to seek investments in higher quality, value equities with above-peer-average earnings prospects. We believe these characteristics will remain in relative favor through a potentially volatile environment for stocks.

Factor Performance: Mid-Cap Equity Market



ROE = return on equity. The above chart depicts the performance of the constituents of the Russell MidCap Value Index based on relative composite fundamental characteristics. The benchmark for this composite is the Russell MidCap Value Index. For illustrative purposes only, characteristics are also shown for the Russell MidCap Value Index in order to provide additional information on the broader small-cap equity market. For each characteristic, the constituents of the index are sorted and grouped into quintiles. The bar adjacent to each characteristic listed shows the performance of the stocks in the highest quintile relative to the performance of the those in the lowest quintile. Terms and definitions can be found on page 4. Source: Bloomberg L.P.



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Performance Attribution Analysis

Top Contributors:

- Thermo Fisher
- CACI Intl CI-A
- Avery Dennison
- Gulfport Energy
- Powell Industries

Bottom Contributors:

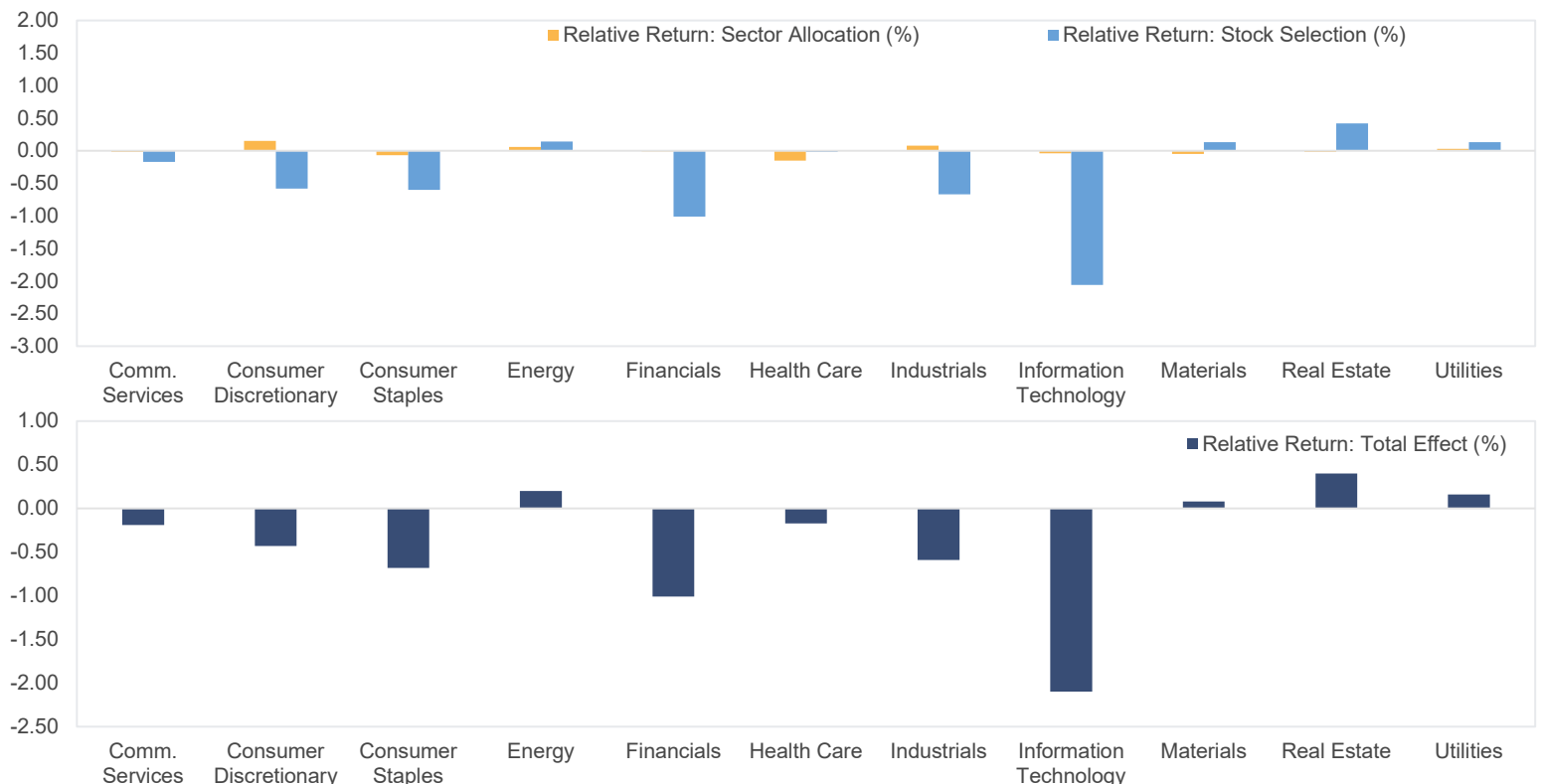
- Fiserv
- United Rentals
- Commvault Systems
- Performance Food Group
- PTC

Relative Contributors

- Positive stock selection within the Real Estate sector led by portfolio holding East Group Properties.
- Positive stock selection within the Energy sector driven by portfolio holding Gulfport Energy.
- Positive stock selection within Utilities sector, driven by portfolio holding Southwest Gas Holdings.

Relative Detractors

- Negative stock selection within the Information Technology sector driven by portfolio holdings Commvault and PTC.
- Negative stock selection within the Financials sector driven by portfolio holding Fiserv.
- Negative stock selection within the Consumer Staples sector driven by portfolio holding Performance Food Group.



CI-A = Class A Common Stock. Data is as of 12.31.2025. Sources: FactSet; Sterling Capital Management Analytics. Attribution source: FactSet. Attribution results are shown for illustrative purposes only.

Important Information & Disclosures

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

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Performance is preliminary and is annualized for periods longer than one year. Net of fees performance returns are preliminary and are presented net of the investment management fees and trading expenses. Net returns are calculated by deducting the highest applicable wrap fee of 3.00% annually from the gross composite return. Gross of fees performance returns reflect the deduction of trading costs: a client's return will be reduced by the management fees and other expenses it may incur. Investment management fees are described in SCM's Form ADV 2A. Performance reflects the reinvestment of interest income and dividends and realized capital gains. The performance presented represents past performance and is no guarantee of future results. Performance is compared to an index: however, the volatility of an index varies greatly and investments cannot be made directly in an index. Market conditions vary from year to year and can result in a decline in market value due to material market or economic conditions. Please refer to the attached GIPS Composite Report for additional disclosures.

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Technical Terms: the below technical terms are sourced from Corporate Finance Institute.

Price-to-earnings ratio (P/E ratio) is the ratio for valuing a company that measures its current share price relative to its per-share earnings.

Price-to-book (P/B) ratio is the ratio to the market value of a company's shares (share price) over its book value of equity.

Return on equity (ROE) is the measure of a company's net income divided by its shareholders' equity.

Fed funds rate is the target interest rate set by the Federal Reserve for overnight loans between commercial banks.

One, Big, Beautiful Bill has a significant effect on federal taxes, credits and deductions. It was signed into law on July 4, 2025, as Public Law 119-21.

Beta measures the volatility of returns relative to the entire market. It is used as a measure of risk and is an integral part of the capital asset pricing model. A company with a higher beta has greater risk and also greater expected returns.

The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index.

The Russell MidCap® Value Index is an unmanaged index (with no defined investment objective) that measures the performance of the mid cap value segment of the U.S. equity universe. Indices are not securities that can be purchased or sold, and their total returns are reflective of unmanaged portfolios.

The Russell MidCap® Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap® Index is a subset of the Russell 1000® Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap® Index is constructed to provide a comprehensive and unbiased barometer for the mid-cap segment.

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Sterling Capital Mid Cap Relative Value SMA

	Total 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	10.38%	7.18%	13.07%	18.82%	19.77%	Not Calculable	1	\$38	\$66,160
2023	15.08%	11.76%	12.71%	18.47%	19.31%	Not Calculable	1	\$44	\$66,746
2022	-10.18%	-12.84%	-12.03%	22.37%	24.44%	Not Calculable	1	\$44	\$62,842
2021	24.72%	21.14%	28.34%	19.79%	21.95%	Not Calculable	1	\$63	\$75,309
2020	4.49%	1.44%	4.96%	20.55%	22.62%	Not Calculable	1	\$61	\$70,108
2019	30.60%	26.87%	27.06%	12.54%	12.79%	Not Calculable	1	\$65	\$58,191
2018	-13.54%	-16.09%	-12.29%	12.80%	11.96%	Not Calculable	1	\$54	\$56,889
2017	22.79%	19.26%	13.34%	11.33%	10.32%	Not Calculable	1	\$69	\$55,908
2016	12.68%	9.42%	20.00%	12.21%	11.30%	Not Calculable	1	\$62	\$51,603
2015	-0.74%	-3.64%	-4.78%	< 3 Years	10.71%	Not Calculable	1	\$64	\$2,984

Benchmark: Russell Midcap[®] Value Index

Composite Creation Date: 09.26.2023

Inception Date: 07.01.2013

- Consists of all discretionary mid capitalization portfolios managed in the Stratton relative value style. Sterling's Stratton mid capitalization equity accounts invest primarily in companies similar to the market capitalization of the Russell Midcap[®] Index.
- 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 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 (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. 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 1/1/22, composite returns are calculated by weighting the individual portfolio returns using beginning of period market values. From 8/1/15 to 1/1/22, composite returns were asset weighted using the average capital base method that reflects both beginning market value and cash flows and uses the aggregate method. Prior to 8/1/15 composite returns were calculated by weighting the individual portfolio returns using beginning of period market values. Performance results prior to August 1, 2015 are considered "predecessor performance" and were achieved by the Relative Value Team when they were part of the Stratton Management Company.
- Gross of fees returns are presented before management fees but after all trading costs. Net returns are calculated by deducting the highest applicable wrap fee of 3.00% annually from the gross composite return. Since inception, the composite contains only the pooled vehicle account.
- The appropriate benchmark is the Russell Midcap Value Index which consists of stocks from the Russell Midcap[®] Index with a less than average growth orientation and lower price-to-book ratios. It represents the universe of stocks from which value 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.