Focus Equity Commentary

1st Quarter 2022

Percentage Change[1]						
Period	Gross	Net[2]	Russell 3000®	Difference (Net - R3000)	Russell 1000® Growth	Difference - Net R1000G
CY16	12.2%	12.1%	12.7%	-0.7%	7.1%	+5.0%
CY17	29.9%	29.7%	21.1%	+8.6%	30.2%	-0.5%
CY18	4.2%	4.0%	-5.2%	+9.2%	-1.5%	+5.5%
CY19	44.0%	43.7%	31.0%	+12.7%	36.4%	+7.3%
CY20	37.6%	37.3%	20.9%	+16.4%	38.5%	-1.2%
CY21	16.2%	15.8%	25.7%	-9.9%	27.6%	-11.8%
1Q22	-13.5%	-13.6%	-5.3%	-8.3%	-9.0%	-4.6%
Since Inception[3]	19.4%	19.1%	15.4%	+3.8%	19.3%	-0.2%
Overall Gain[4]	202.0%	198.0%	144.0%	+54.1%	201.0%	-3.0%

Team,

Public markets offered few places to hide during the first quarter as geopolitical risk and interest rate concerns fueled rising volatility across asset classes and conspired to knock down both equity and bond markets, despite these markets' historic tendency to move in opposite directions. The S&P 500 ® stock Index fell the most since Q1 2020, when pandemic fears ravaged global equity markets. Meanwhile, the Bloomberg U.S. Aggregate Fixed Income Index, a broad U.S. bond benchmark, suffered its biggest quarterly loss in over 40 years.[5]

Focus Equity was not spared amid these conditions, falling a net -13.6%. Counterintuitively, as we better explain in the Performance Notes section, despite the difficult macroeconomic backdrop, we believe the intrinsic value of many of our portfolio holdings actually increased. As Focus Equity co-managers, we increasingly witness attractive farsighted investment opportunities beyond current price volatility. To this end, we each put our money where our mouth was by increasing our family's Focus Equity investment during the quarter, which helped illustrate our conviction. This comes as no surprise to our tenured clients who recall that Focus Equity has always preached and practiced an ownership mentality. At the portfolio level, we trimmed relative strength to re-allocate to our other strong business exposures whose stocks unduly suffered, in our view, from the historic market volatility. We also exited our exposures to **Coupa Software** and **Visa**, helping fund a new position in **HubSpot.** We detail these moves in the Activity Notes.

Consistent with health protocols, our more fulsome resumption of in-person activities sharpened our investment research process as we engaged directly with company management teams (and other industry experts) to leverage deeper insights that are more difficult to obtain from virtual-only environments. In addition, our live client meetings provided forums to exchange ideas on robust strategies to better understand and navigate the rapidly shifting market backdrop. We were humbled as it appears that many of our clients see the same opportunity we do and chose to also use recent volatility as a buying opportunity, as net flows remained strong and our assets finished the quarter $811 million, down less than Focus Equity's mark-to-market quarterly portfolio value change.[6]

[1]Performance for periods greater than one year are annualized, except where noted.
[2]The maximum bundled external platform fee is 2.52%. Actual fees may vary by size and type of portfolio.
[3]December 31, 2015 inception.
[4]Not annualized. Performance note: The results for your account may differ somewhat from the composite figures above due to variations in account holdings, trade timing, and other client-specific circumstances. Past performance is not indicative of future results. Please refer to the Performance Disclosure found on page 7. The volatility of an index varies greatly; investments cannot be made directly in an index.
[5]https://www.wsj.com/articles/bond-market-suffers-worst-quarter-in-decades-11648737087
[6]Total assets are preliminary and include assets under management (AUM) and assets under advisement (AUA) for Focus Equity as of 03.31.2022. Please refer to the AUM/AUA Disclosure found on page 7.

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Performance Notes

Recent news has been grim.

Inflation surpassed 40-year highs. The Nasdaq sank into a bear market. Russia launched the largest European ground invasion since World War II. The U.S. yield curve began to invert, signaling possible recession. During Q1, these headlines (and more) inflamed markets, sparking rapid investor style rotation to value and safety, especially Energy and Utilities (the only S&P sectors that rose in Q1). Paradoxically, amid the conflagration, investors neglected quality – an attribute Focus Equity never comprises – which was the worst-performing factor in the quarter.[7]

Due in part to our portfolio's longstanding bias for quality and purposeful lack of exposure to those two rising sectors, Focus Equity (-13.6%) trailed the losses of the Russell 1000® Growth Index (-9.0%) and the broad Russell 3000® Growth Index (-9.3%). During Q1, Focus Equity's first quarter performance attribution revealed top return contributors **Casella Waste** (+31 basis points (bps)), **HubSpot** (+1 bps), **Amazon** (-3 bps), **Visa** (-5 bps), and **Mastercard** (-5 bps). Bottom contributors to total returns were **Shopify** (-129 bps), **S&P Global** (-119 bps), **Twilio** (-107 bps), **Coupa** (-98 bps), and **Okta** (-93 bps). Combined together, two large index stocks (Apple and Tesla), where Focus Equity has no exposure, had an attribution effect which accounted for approximately one-third of the R1000G performance delta in Q1. We strongly believe this quarter's portfolio weakness was less about company fundamentals (which remain strong) and instead was driven by the market's digestion of higher interest rates, which now exceed pre-pandemic levels at several points on the curve.

At a high level, visibility became clouded during the quarter, with the previously cited macroeconomic concerns dominating headlines and obscuring any lens towards steady trend lines. As a result, markets waivered, while volatility picked up across geographies and asset classes. The standard deviation of Q1 price swings finished the quarter above five-year averages for stocks globally (i.e., in U.S., developed, and emerging markets), as well as U.S. bonds.[8] Continued inversion along segments of the U.S. yield curve (which saw 5/10 and 5/30 term premiums finish the quarter negative, i.e., "inverted") fueled worry that a domestic recession is imminent.[9,10] As data driven investors, we would note that that while history indeed shows yield curve inversions have been leading indicators of U.S. recessions, inversions have also been a poor predictor of medium-term equity market weakness. In fact, since inception of the six inversions witnessed over the past 45 years, the market finished strongly and was higher 24 months later in five (or over 80%) of those periods.[11] Therefore, based on history, investor concern regarding negative stock market returns (post-inversion) is misplaced.

Moreover, we are not seeing ill effects from either recession or inversion signals in Focus Equity business results, which continue to instead see broad, accelerating longer term secular growth that can transcend shorter term cyclically driven economic susceptivity.

[7]https://www.msci.com/www/blog-posts/factors-in-focus-disentangling/03100660256
[8]https://www.morningstar.com/articles/1087132/13-charts-on-the-markets-first-quarter-performance
[9]https://www.reuters.com/business/finance/us-yield-curve-inversion-what-is-it-telling-us-2022-03-29/
[10]https://www.frbsf.org/economic-research/publications/economic-letter/2018/march/economic-forecasts-with-yield-curve/
[11]https://www.ft.com/content/38c034cd-aa1a-45f8-8c19-246a91ab6f11

Workday, for example, just saw the fastest growth in new full year annual contract value bookings in over five years. Focus Equity's largest holding, S&P Global, saw all four businesses contribute growth in both revenue and adjusted operating profit margin, even as the company closed its transformative IHS Markit acquisition and accelerated plans to complete a repurchase of $12 billion (or over 8% of the market capitalization) of stock this year. HubSpot reported accelerating sales growth across regions as domestic and international customers continued digital transformation projects. Old Dominion outpaced inflation by realizing strong price gains while expanding margins to invest in network growth, fueling continued market share gains from slower-footed peers. Heico customers are requesting faster development of new components that they cannot currently source from commercial aerospace aftermarket original equipment manufacturers (OEMs) due to supply chain part shortages and inflationary cost increases, helping fuel six consecutive quarters of sequential growth in net sales and operating income in this large Heico business segment.

We see a theme here. Simply put, customers increasingly want more from Focus Equity's companies which are steadfastly executing from a growth (not recession) playbook. Business remains strong, and we believe these companies have become sustainably more valuable, not less. Yet a tougher macro backdrop has pushed down prices for most asset classes, including Focus Equity stocks, creating what we believe is a growing gap between price (which is down) and value (which in our view, continues to go up). Thus, we see the opportunity amid current market volatility to buy quality for good value in a timely manner, informing both the portfolio moves described in the Activity Notes and your co-managers' own increased Focus Equity investment during the quarter.

Activity Notes

During Q1, we selectively trimmed relative strength (i.e., **Microsoft,** whose AAA-rated balance sheet offered some protection year-to-date from the market's stiffest headwinds that have stifled other stocks) and redeployed proceeds to shore up exposure to quality franchises whose stock prices had disproportionately fallen and, in our view, did not reflect the strength of fundamentals we are witnessing. We also added a new position in **HubSpot**, funded in part from our exits of **Coupa Software** and **Visa**.

We have long admired the management team and growth model at HubSpot, which has sat amongst our deep bench of watch list prospects as we have closely tracked its business progression for several years. HubSpot competes in the attractive end market for global customer relationship management (CRM) software, the largest of all software markets, and also one of the fastest growing.[12] The successful history of Salesforce – the 400 lb gorilla in enterprise CRM – provides a proof statement illustrating how broad and deep this market really is. Today, that company boasts clouds for both sales and service that each sport revenue run-rates of $6+ billion after 22 years, growing ~20% year-over-year (y/y). HubSpot also competes in this market, but, unlike Salesforce, focuses on a different customer segment: mid-market business-to-business (B2B) companies, which they define as smaller companies that have between 2-2,000 employees. Since the company is earlier in its life phase than Salesforce, revenues are 20x smaller ($1.3 billion in 2021) but growing much faster (+45% y/y).

[12]https://www.gartner.com/en/newsroom/press-releases/2018-04-10-gartner-says-crm-became-the-largest-software-market-in-2017-and-will-be-the-fastest-growing-software-market-in-2018

Co-founded in 2005 and still led by MIT classmates of ours, Executive Chair Brian Halligan and Chief Technology Officer Dharmesh Shah, HubSpot originally began as a marketing app to help small businesses manage customer interactions. Today, the solution has broadened into a suite, boasting several product lines called 'hubs' including marketing, sales, service, content management, and operations. Unlike other platforms such as Salesforce which have been cobbled together over many acquisitions, HubSpot's differentiated CRM Platform has been deliberately molded organically to feature one login, one user interface, one database, and one team for support. Onboarding is easy as the platform starts free and grows with customers, and it is tailor-made to scale its power and technical sophistication without losing its ease-of-use over time. Finally, the platform seamlessly integrates with hundreds of external applications, making it easy to configure HubSpot's functionality and customize it for any business.

As we watched the business progressively expand its offering, the HubSpot team's consistent execution of its growth strategy has sharpened our view of the company's opportunity to attain CRM leadership status in the large and fast-moving small and medium sized business (SMB) market segment, which our experience indicates is often easier said than done. Success at the SMB level is often made difficult because customer churn is an important impediment to scale due to inherently high rates of SMB business formation and failure that typically keeps client retention rates low. In turn, this requires high velocity sales models to keep a constant stream of new customers coming through the door. HubSpot, however, leveraged its visible brand and market presence combined with steady new product introductions to attain what we believe is sustainable wallet share expansion, even while steadily moving up market to target more reliable mid-market enterprise customers. Our investment thesis rests on a founder-led market leader in a visible growth market with a peer-leading product suite that we believe can continue to expand across geographies, industries, and client types. With our portfolio entry timed amid macro volatility, this creates what we believe is undue multiple compression for a high-quality franchise with excellent long-term prospects.

Since we are receiving an increasing volume of client questions regarding ESG, it is timely that we now offer a quick comment to directly address this topic. Although Focus Equity is not an ESG strategy, we factor ESG considerations into our investment analysis, along with other fundamental data. HubSpot provides our most recent illustrative proof statement here. Not only does the company publish an annual Sustainability Report, but it also achieved carbon neutrality since its inception after offsetting all emissions. The company features seven (of ten total) ethnically or gender diverse directors, and was recently voted the #2 best place to work by Glassdoor Employees' Choice Awards.[13] The company's 16-member management team includes five women and four people of color, including CEO Yamini Rangan. The total employee base is 46% female. Even though Focus Equity is not an ESG strategy, we have considered these factors, in part because we hold dear the old Peter Drucker maxim that "culture eats strategy for breakfast" and acknowledge that a broad diversity of viewpoints, experiences, and talent within a highly motivated organization often creates a culture that can deliver the best results for companies, stakeholders, and investors like us.

We'll close with a reminder that, as the founder-led HubSpot investment thesis description attests, we continue to value ownership mindsets. To that end, it is important to reemphasize that Focus Equity remains both your co-managers' largest family investment, and, as previously described, each of us increased our investments during Q1. Simply put, we eat our own cooking and are strongly incentivized to continuously protect and grow your Focus Equity investment. We encourage you to share our story with your friends.

[13]https://www.glassdoor.com/Award/Best-Places-to-Work-LST_KQ0,19.htm

ESG Risk: The use of ESG factors could result in selling or avoiding investments that subsequently underperform. As a result, strategies that take ESG factors into account could underperform similar strategies that do not take into account ESG factors.

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Just below the text of this letter, you will find Focus Equity's quarter-end position list. The strategy remains concentrated in 23 active positions with 39% of assets in the top five, 65% in the top 10, and 83% in the top 15 positions. We have relatively few eggs, but watch our basket closely.

Stay healthy. Stay safe.

Thanks for your trust and investment in us.

Colin Ducharme, CFA®

Co-Portfolio Manager

Jeremy Lopez, CFA®

Co-Portfolio Manager

31 March 2022 Positions*

S&P Global	9.2%
Mastercard	9.1%
HEICO	7.0%
Adyen	7.0%
CoStar	6.6%
Microsoft	6.1%
IDEXX	5.4%
Alphabet	5.0%
Moody's	5.0%
Casella Waste	4.6%
Amazon	4.4%
Old Dominion	3.6%
Twilio	3.4%
Veeva	3.3%
Shopify	3.3%
Atlassian	2.4%
Okta	2.4%
Workday	2.4%
Hubspot	2.3%
ServiceNow	2.2%
MSCI	2.0%
Unity	1.7%
Carvana	1.5%
Cash	0.1%

Top 5 Total	38.9%
Top 10 Total	65.0%
Top 15 Total	83.0%
Top 20 Total	94.7%

*Representative Account. Holdings note: The weightings for your account may differ somewhat from the figures above due to variations in account holdings, trade timing, and other client-specific circumstances.

Important Information

Disclosures

Performance Disclosure: Performance is preliminary and is annualized for periods longer than one year. Net of fees performance returns are presented net of the maximum 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 Sterling’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. The Performance is considered Supplemental Information to the GIPS Composite Report which is attached.

AUM/AUA Disclosure: Sterling’s preliminary Assets Under Advisement (“AUA”) differs from our regulatory Assets Under Management (“AUM”) for which we provide continuous and regular investment management services as disclosed in our ADV. AUA generally refers to non-discretionary assets for which Sterling provides advice or consultation for which Sterling does not have authority to effectuate transactions. Such services include Model portfolios and assets Sterling advises as an outsourced Chief Investment Officer on a non-discretionary basis.

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.

The Bloomberg 1-3 Year U.S. Aggregate Bond Index is the 1-3 year component of the U.S. Aggregate Index. The Bloomberg U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass through securities, and asset-backed securities.

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.

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

Technical Terms: **ESG:** ESG is the acronym for Environmental, Social, and (Corporate) Governance, the three broad categories, or areas, of interest for what is termed “socially responsible investors.” They are investors who consider it important to incorporate their values and concerns (such as environmental concerns) into their selection of investments – as opposed to simply considering the potential profitability and/or risk presented by an investment opportunity. (Technical definitions are sourced from Corporate Finance Institute and Investopedia.)

ESG Risk: The use of ESG factors could result in selling or avoiding investments that subsequently perform well or purchasing investments that subsequently underperform. As a result, strategies that take ESG factors into account could underperform similar strategies that do not take into account ESG factors.

ESG Considered: Sterling is committed to achieving the best possible risk adjusted returns for our clients. To achieve these results, a variety of factors are considered, including ESG issues. Sterling strategies that take the ESG Considered approach analyze ESG as one part of the research mosaic and consider it, along with other fundamental data, during the investment process. Sterling strategies designated as ESG Considered do not claim ESG Integration.

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.

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.

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.

The opinions contained in the preceding commentary reflect those of Sterling Capital Management LLC, and not those of Truist Financial Corporation or its executives. The stated opinions are for general information only and are educational in nature. These opinions are not meant to be predictions or 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. Any type of investing involves risk and there are no guarantees. Sterling Capital Management LLC 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 Sterling Capital Management LLC, an investment adviser registered with the U.S. Securities & Exchange Commission and an independently-operated subsidiary of Truist Financial Corporation. Sterling Capital Management LLC manages customized investment portfolios, provides asset allocation analysis and offers other investment-related services to affluent individuals and businesses. Securities and other investments held in investment management or investment advisory accounts at Sterling Capital Management LLC are not deposits or other obligations of Truist Financial Corporation, Truist Bank or any affiliate, are not guaranteed by Truist Bank or any other bank, are not insured by the FDIC or any other federal government agency, and are subject to investment risk, including possible loss of principal invested.

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.

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Sterling Capital Management – Focus Equity Composite

January 1, 2016 – December 31, 2021

Description: Consists of all discretionary separately managed Focus Equity portfolios. Sterling's Focus Equity portfolio investments are flexible and may span growth and value, large- and small-capitalization companies. 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.

Year	Total Return Gross of Fees	Total Return Net of Fees	No. of Portfolios	Total Assets End of Period ($MM)	Total Firm Assets ($MM)	Composite Dispersion (%)	Russell 1000 Growth	Composite 3-yr St Dev (%)	Benchmark 3-yr St Dev (%)
2021	16.22	15.77	31	58.6	75,308	0.14	27.60	20.10	18.17
2020	37.58	37.27	19	52.3	70,108	not meaningful	38.49	20.94	19.64
2019	43.95	43.68	2	0.3	58,191	not meaningful	36.39	13.79	13.07
2018	4.15	3.96	2	0.2	56,889	not meaningful	-1.51	13.77	12.13
2017	29.89	29.68	5	0.9	55,908	not meaningful	30.21	N/A	N/A
2016	12.23	12.06	4	0.5	51,603	not meaningful	7.08	N/A	N/A

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 01/01/01 to 12/31/19. 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. 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.

Notes:

1. Sterling Capital Management LLC (SCM) is a registered investment advisor with the SEC. Registration does not imply a certain level of skill or training. Sterling manages a variety of equity, fixed income and balanced assets. Prior to January 2001, Sterling was a wholly owned subsidiary of United Asset Management (UAM). In January 2001, Sterling Capital Management LLC 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 purchased a majority equity ownership stake in Sterling Capital Management LLC. In October 2010, the management group of Sterling Capital entered into an agreement with BB&T Corporation that reduced and restructured management's interest in Sterling Capital Management. Additionally, BB&T Asset Management merged into Sterling Capital Management. In January 2013, CHOICE Asset Management firm merged into Sterling Capital Management. "Percent of Firm Assets" and "Total Firm Assets" prior to 2013 are for CHOICE Asset Management. In August 2015, eight new employees joined Sterling Capital management via Stratton Management Company following the close of BB&T's purchase of Susquehanna Bancshares. In December 2019, BB&T Corporation and SunTrust Banks, Inc. Holding Company merged as equals to form Truist Financial Corporation. Sterling Capital Management LLC is a wholly owned subsidiary of Truist Financial Corporation. In August 2020, new employees joined Sterling Capital Management via the Investment Advisory Group of SunTrust Advisory Services. This reorganization aligns all of the discretionary fixed income asset management activities within Truist under Sterling.
2. Colin Ducharme, CFA, has managed the portfolio since inception. No alterations of composites, as presented herein, have occurred due to changes in personnel or other reasons at any time.
3. Inception date of composite: December 31, 2015. Creation date: October 31, 2018. Portfolios with an allowance to fixed income securities were permitted in the composite from inception until October 31, 2018. Beginning November 1, 2018, portfolios included in the composite are not permitted to own fixed income securities. Effective 3/31/20, the appropriate benchmark for this composite 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 US 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. 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.
4. 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. Beginning 8/1/20, composite returns are calculated by weighting the individual portfolio returns using beginning of period market values. Prior to 8/1/20, 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. This method aggregates market values and cash flows for all the accounts and treats the composite as if it were one account. Composites were revalued for cash flows greater than 5%.
5. Gross of fees returns reflect the deduction of trading costs. Net of fee performance returns are calculated using the maximum ADV fee rate or actual management fees. The stated fee schedule is: 0.70% on the first $25 million; 0.60% on the next $25 million; 0.50% on the next $25 million; and 0.40% on all amounts exceeding $75 million on an annual basis as described in Sterling Capital Management's Form ADV, Part 2A.
6. 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 for annual periods prior to 2011 or when a full three years of composite performance is not yet available.
7. The performance presented represents past performance and is no guarantee of future results. Stock market conditions vary from year to year and can result in a decline in market value due to material market or economic conditions.