Special Opportunities SMA Commentary

1st Quarter 2024

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

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

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

Market Commentary

The Special Opportunities strategy has an array of holdings from large to small, value to growth, and opportunistic to compounding. The strategy’s primary benchmark is the Russell 3000® Index, a multi-cap blend index. As of March 31, 2024, the top ten names in the Russell 3000 (in order of weighting) are Microsoft, Apple, Nvidia, Alphabet, Amazon, Meta, Eli Lilly, Broadcom, JPMorgan Chase, and Berkshire Hathaway. Ten out of 3000 stocks (0.3%) constitute 30% of the weight. The chart below shows the trailing 12-month performance for the aforementioned stocks.

Security	Currency	Price Change	Total Return	Difference
RAY Index	USD	31.80%	33.85%	--
MSFT US Equity	USD	52.86%	54.11%	20.26%
AAPL US Equity	USD	8.77%	9.35%	-24.50%
NVDA US Equity	USD	242.13%	242.24%	208.39%
GOOGL US Equity	USD	49.39%	49.39%	15.54%
AMZN US Equity	USD	85.50%	85.50%	51.65%
META US Equity	USD	141.97%	142.23%	108.37%
LLY US Equity	USD	130.40%	132.32%	98.46%
AVGO US Equity	USD	112.17%	116.38%	82.52%
JPM US Equity	USD	55.42%	59.85%	26.00%
BRK/B US Equity	USD	39.10%	39.10%	5.25%

Data as of 03.31.2024. Source: Bloomberg L.P.

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Recently, the market appeared to favor these stocks, of which only Apple (AAPL) underperformed the index. Among the top ten, Special Opportunities owns **Microsoft** (MSFT), **Alphabet** (GOOG), and **Amazon** (AMZN), which constitute roughly 14% of the strategy. If one holds a passive exchange-traded fund (ETF) that mirrors the index, one could achieve 30% exposure to those top names. Yet, the Equity Opportunities Group (EOG) pursues an active management discipline in the hopes of achieving above-market returns and below-market risk by differentiating versus the benchmark through our investment philosophy and process, underscored by our four investment pillars.

As active portfolio managers, we carefully select holdings for our portfolio and size them based on risk/reward profiling, competitive advantages, operational excellence, management quality, secular trends, differentiated products, competitive dynamics, and other fundamentals. As the market evolves, we adapt the portfolio to take advantage of value-enhancing opportunities while mitigating potential risks. Perhaps most importantly, we are in it for the long haul. Although short-term dislocations may occur occasionally, we judge our performance on multi-year outcomes. We remain committed to disciplined active management while seeking to provide above-average with below-average risk for our clients.

Quarterly Review

Performance	QTR	YTD	1YR	3YR	5YR	10YR	Since Inception[1]
Sterling (Gross)	6.42%	6.42%	27.60%	7.93%	12.28%	11.60%	11.53%
Sterling (Net)	5.65%	5.65%	23.95%	4.80%	9.03%	8.37%	8.30%
Russell 3000® Index	10.02%	10.02 %	29.29%	9.78%	14.34%	12.33%	8.27%

In the first quarter, the portfolio generated gross returns of 6.42% and 5.65% net of the maximum fee versus the Russell 3000 Index's 10.02% total return. Within the Russell 3000 Index, five sectors were up double-digits, including communication services, energy, technology, industrials, and financials, while only real estate was negative. We outperformed in energy, real estate, consumer discretionary, information technology, and healthcare, and underperformed in communication services, consumer staples, financials, industrials, and materials. In the first quarter, out of our five best-performing stocks, two were from the tech sector and two were from the healthcare sector. Meanwhile, each of our top five detractors came from different sectors. Overall, 20 of our holdings advanced while 11 declined. Nine of our holdings advanced by double digits while two declined by double digits. As it pertains to the chart on the previous page, the top benchmark constituents we do not own, notably NVDA, META, and LLY alone accounted for over a 3% relative headwind.

[1]Inception date is 06.30.2004. Data is as of 03.31.2024. The benchmark is the Russell 3000. Performance results prior to 01.01.2013 are considered "predecessor performance" and were achieved by the Equity Opportunities team when they were known as CHOICE Asset Management, a division of Scott & Stringfellow. Effective 06.30.2023, the net of fee performance reflects the deduction of the maximum SMA bundled fee of 3.00% annually for all periods presented. Performance is preliminary and is annualized for periods longer than one year. Net of fees performance returns are presented net of the SMA bundled fee, which includes all charges for trading costs, advisory services, portfolio management, custody and other administrative fees. "Pure" Gross of fees performance returns do not reflect the deduction of any fees including trading costs: a client's return will be reduced by the management fees and other expenses it may incur. Investment management fees are described in 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. Please refer to the attached GIPS Composite Report for additional disclosures. Sources: Russell Investments; eVestment Alliance; Sterling Capital Management Analytics.

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1Q24 Attribution

Leading Contributors	Portfolio Weight	Gross Contribution to Return	Net Contribution to Return
Coherent Corp.	4.15	1.65	1.62
Amazon.com, Inc.	5.59	1.03	0.99
Marvell Technology, Inc.	4.23	0.85	0.82
HCA Healthcare Inc	3.72	0.83	0.80
Teva Pharmaceutical Industries Limited Sponsored ADR	2.59	0.59	0.57

Sources: FactSet; Sterling Capital Management Analytics.

- **Coherent** continues to benefit from artificial intelligence (AI) proliferation driven by growth in the company's optical transceivers. With this business segment's outsized growth and higher gross profit margins, we expect an outsized benefit to overall cash flow growth. We believe the industrial, electronics, and instrumentation businesses are also set for a rebound, which could help the top and bottom lines. Moreover, as the company continues to generate cash flow, de-levering the balance sheet also provides a potential tailwind to earnings growth.
- **Amazon**'s cloud business, Amazon Web Services (AWS), showed impressive revenue growth of 13%, while the overall top line accelerated to 14% year-over-year (yoy). Generative AI continues to demand more capacity from the AWS infrastructure . Retail sales growth accelerated with faster shipping speeds from same-day and next-day offerings. With inherently high operating leverage through fixed cost leverage, overall operating profit increased to $13.2B in 4Q23 from $2.7B in 4Q22.
- **Marvell** reported robust growth in its data center (DC) segment, which may continue to accelerate with the proliferation of AI. The company's non-DC segments were weak but appear to be bottoming. This potentially provides a strong setup for the stock going into the back half of 2024 as telecom and enterprise networking appear set to rebound. Marvell's management and board seem to agree as the company announced a $3B share buyback, equivalent to the company's aggregate share repurchasing over the last decade. We eagerly anticipate meeting with management at their upcoming event in New York in mid-April, titled *Accelerated Infrastructure for the AI Era.*
- **HCA Healthcare**'s 4Q23 print was quite strong as volumes/admissions remained above normal levels coupled with solid pricing. Many folks, especially elders, scheduled elective procedures they put off during COVID-19. Margins came in well above expectations, driven by higher margin sales as well as an 180 basis points (bps) yoy decline in salary, wages, and benefit costs. The company raised its guidance and announced a $6B share repurchase, which equates to ~7% of total shares outstanding.
- **Teva Pharmaceutical Industries**, a new holding, is discussed more in the *Portfolio Changes* section.

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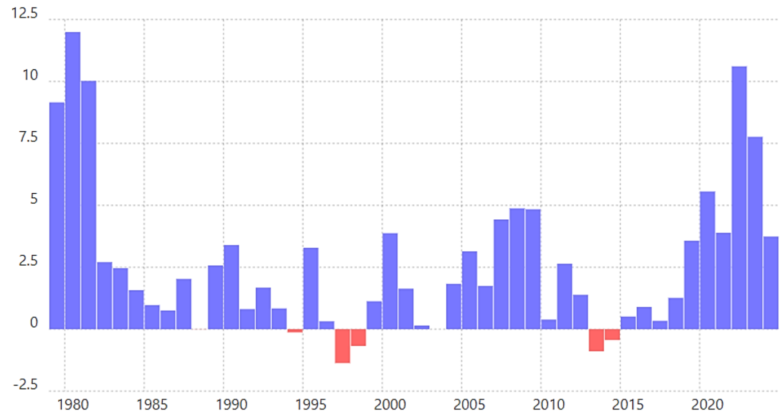
Leading Detractors	Portfolio Weight	Gross Contribution to Return	Net Contribution to Return
Crown Holdings, Inc.	3.45	-0.56	-0.58
Aptiv PLC	3.18	-0.44	-0.46
UnitedHealth Group Incorporated	4.08	-0.26	-0.29
Take-Two Interactive Software, Inc.	3.20	-0.25	-0.28
Akamai Technologies, Inc.	3.19	-0.24	-0.26

Sources: FactSet; Sterling Capital Management Analytics.

- **Crown Holdings** appears to suffer from overcapacity in the aluminum can market. Prior to the pandemic, the market for aluminum cans was growing steadily in volume, driven by sustainability issues and demand. Thus, the can manufacturers forecasted years of strong demand and factored that outlook into robust buildout plans for additional production capacity. Post-supply and demand issues that arose from the pandemic, the customer base (mostly beer and carbonated soft drink (CSD) companies), passed price increases through to the end consumer to maintain profitability at the expense of volume. Note the elevated inflation in the following chart:

Price Inflation for Carbonated Drinks Since 1978

Consumer Price Index, U.S. Bureau of Labor Statistics



Data as of 03.12.2024. Source: U.S. Bureau of Labor Statistics.

Crown relies on fixed cost absorption to generate high incremental margins, so when production volumes are low, cash flow is light. Free cash flow (FCF) was depressed before and during the pandemic, owing to untimely capacity expansion. Consumers now appear resistant to further price hikes, evidenced by recent elevated promotional activity from beer and CSD companies. Meanwhile, Crown has de-levered the balance sheet, eliminated certain underperforming plants, and cut back on capacity expansion plans, all of which portend to upcoming acceleration in FCF growth, hopefully followed by share repurchasing.

- Although **Aptiv** continues to grow above market, the secular trends for North American electric vehicle (EV) growth have recalibrated, while Europe and Asia remain on a stronger path of EV market penetration. We are assessing the market dynamics presented by the low-cost Chinese competition, the economic backdrop in each geographic region, the exposure by Aptiv to the major automakers (in the U.S. and China), and the U.S. political backdrop as it pertains to current and potential carbon emission regulations. Our valuation analysis suggests we may be near our downside price target.

- Managed care organizations (MCO) such as **UnitedHealth** have been impacted by the increase of post-COVID-19 elective procedures, which typically drive higher medical claims and cut into MCO margins. In January, the Center for Medicare and Medicaid Services released its preliminary 2025 reimbursement rate for Medicare Advantage plans. The 3.7% total increase was lower than anticipated and would be reaffirmed in the beginning of April. In more recent developments, UnitedHealth subsidiary Change Healthcare was breached, resulting in a cyberattack that shut down the largest U.S. healthcare payment system. Most information technology (IT) systems are now back online, and the company paid out over $3.3B to providers affected by the attack. Although the stock faces a perfect storm of negative concerns, each appear transitory in our view, and we trust management to get the stock back on track over time due to their historical track record.
- **Take-Two Interactive** posted weaker-than-expected quarterly results as well as reduced guidance. Although we were surprised with the results, we look forward to the highly-anticipated release of Grand Theft Auto 6 (GTA 6). The game has already broken three official Guinness World Records, including the most watched non-music YouTube video in the first 24 hours at 93MM views. In comparison, GTA 5's trailer took approximately 12 years to reach 100MM views. Regardless of GTA 6's release timing (currently expected for 2025), we believe this stock offers a compelling risk/reward scenario.
- **Akamai** guided revenues for 2024 slightly below market expectations. The stock appeared to be on a strong run, and we believe this pullback will be short lived as we continue to like the company's progress, especially in cybersecurity and cloud computing. These segments represented 61% of total revenue in the fourth quarter and grew 18% yoy, relative to overall company revenue growth of 7%. As these faster-growing segments represent a larger percentage of overall revenue mix, we expect the company's top line to accelerate, potentially to double-digit growth.

Portfolio Changes

We added four new holdings in the first quarter of 2024: **Teva Pharmaceutical Industries** (TEVA), **Oneok** (OKE), **Okta** (OKTA), and **Oracle** (ORCL).

We added **Teva Pharmaceutical Industries** in January due to the belief this opportunistic investment provides an asymmetrical risk/reward profile. Teva, a leader in the global generic drug industry, engages in the development, production, and sale of medicines. After years of underperformance since 2016, why are we optimistic? We believe the key to executing on Teva's growth ambitions come down to the generics market, its branded drug (BD) portfolio (including several compounds that could be worth over $5B in aggregate,) and biosimilars. Over the last five years, $10B of patented drugs went generic in the U.S., but over the next five years, this number could triple to $30B, driving accelerated generics growth. Teva's branded portfolio is focused on niche drug opportunities that are too small to attract large global pharma companies but too difficult to be addressed by smaller competitors. BDs (such as Austedo) come with higher margins than generics, and with the BD portfolio expected to outgrow generics, Teva could enjoy a richer gross margin profile over time. Finally, biosimilars are the generic versions of biologics. We believe this is a large long-term opportunity for Teva, with $300-400B of BD value expecting loss of exclusivity in the coming decades. In sum, Teva appears to expect these core drivers to result in mid-single digit growth between now and 2027. We believe that the market continues to price in negative growth for Teva in perpetuity at the current valuation, which implies meaningful upside if management can indeed deliver on these targets. However, we do not believe the market shares this view, given Teva's stock was priced at roughly 6x forward earnings before interest, taxes, depreciation, and amortization (EBITDA) at purchase.

Please refer to the Performance Disclosure found on page 9.
For a full discussion of portfolio changes, please refer to our stock writeups issued in the month after the activity.

We added **Oneok** in February. OKE is a diversified U.S. midstream pipeline company operating in natural gas gathering and processing, natural gas liquids (NGL) fractionating, and transporting natural gas, NGLs, crude oil, and refined products through pipelines across 20 U.S. states. OKE now owns the longest network of refined-product pipelines in the U.S. following the successful acquisition of Magellan Midstream Partners in September 2023. We believe there are significant revenue synergy opportunities that may contribute to earnings growth over the next four years. However, in our opinion, the true unique asset possessed by OKE is a near-monopoly transporting NGLs from the Williston Basin (Bakken Shale play) down to major NGL hubs in Conway, KS and Mont Belvieu, TX. Once completed, the recent purchase of over 200 acres of land in Sabine Pass, TX for a four dock NGL export facility will place OKE among the rare midstream companies that can transport hydrocarbons from the wellhead to tanker. Unlike other energy companies, OKE is able to steadily grow EBITDA, whether the price of crude oil is $100 per barrel or below $50 per barrel, as evidenced over the last ten years. We find this aspect of OKE to be attractive and find the dividend yield north of 5% to be a valuable contributor to total shareholder return.

We added **Okta** in February. Okta is a provider of cloud-based cybersecurity solutions with leading positions in identity and access management, privileged access management, and identity governance and administration. Okta's total addressable market (TAM) is roughly $80B (2.5% penetrated) and is growing at a 20%+ compound annual growth rate (CAGR). We believe Okta is well-positioned for strong secular growth, and we initiated a position after a large sell-off following a data breach last year. Our due diligence led us to believe the market overestimated the impact of the data breach, and as such, we felt Okta traded at a compelling risk/reward ratio. Subsequently, minimal impact was reported in the recent Q4 earnings call, and consequently the stock exhibited a positive and sizable increase the following day.

We added **Oracle** in March. ORCL is a historic compounder with leadership positions in enterprise resource planning, database, and cloud, as well as a major AI beneficiary. In terms of the infrastructure as a service (IaaS) cloud provider market, Oracle Cloud Infrastructure is the fourth-largest globally, and the fastest growing at a rate of 60%+. ORCL offers up to a 30% discount on cloud services in comparison to its competitors AWS, Azure, and Google Cloud Platform. We believe there are several growth drivers for ORCL over various time horizons, including a rapid acceleration in cloud infrastructure service growth, persistent cloud application growth, and accelerating growth in the upcoming year from recently acquired Cerner (a large electronic medical records company). Buttressed by elevated share repurchasing, we believe the resulting revenue mix shift could also generate higher cash flow due to the higher margin profile of the faster-growing segments of the business. Moreover, we trust management's growth plans. Wall Street's consensus estimates for fiscal year 2026 are below guidance, despite recent bullish commentary from CEO Safra Katz.

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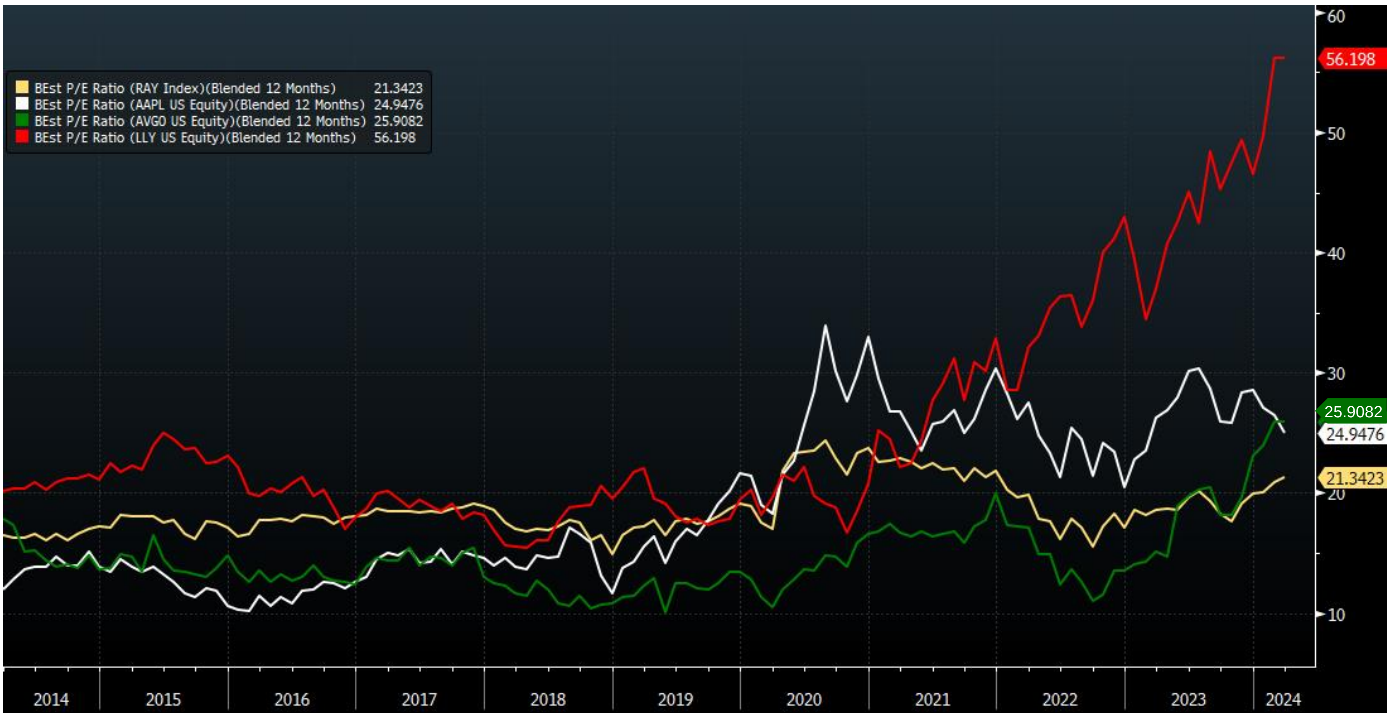
Outlook

Earlier in the commentary, we discussed the relative headwinds the strategy faced compared to the top-heavy Russell 3000 Index. We espoused our disciplined approach to active management. One of the methods we use is risk/reward profiling. The general premise is to compare the risks and rewards of a stock relative to its current market price. One of the core components of that analysis is valuation and the consideration of upside and downside price targets. When we think of price targeting, we consider the current multiple that a stock trades at relative to where it could trade if positive or negative scenarios occur. The following chart depicts forward price-to-earnings (P/E) multiples based on sell-side analyst estimates of a few of the top ten Russell 3000 (RAY) stocks:

Russell 3000, Apple, Eli Lilly, and Broadcom P/E Ratios (2014-2024)



Data as of 03.29.2024. Source: Bloomberg L.P.

These stocks trade at or near decade high multiples, and we believe this chart is a prime example of the importance of active management. The stocks represent a large weighting of Russell 3000, yet further upside appears difficult to achieve given they have not traded at much higher multiples over the last decade. Moreover, if something goes wrong, these stocks could possibly re-rate lower. In each stock case above, there is at least 60% downside to its lowest historical multiple within the last ten years, whereas the index has less than 30% downside. As a reminder, one of EOG's four investment pillars is to seek stocks that trade at a discount to the market for this very reason. Such stocks have more upside versus downside, and thus may outperform. We actively manage risk in the portfolio by minimizing exposure to peak multiples and by seeking opportunities for multiples to re-rate higher, not lower.

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As fundamental equity managers, we actively seek opportunities with greater upside relative to downside, and we believe the chart above is emblematic of the top ten stock profiles in the Russell 3000 and one reason why we are presently under-weight in such profiles. Furthermore, there are 2,990 other stocks in the index which may exhibit more attractive profiles to choose from, including several we feel already exist in the Special Opportunities portfolio. Overall, we believe the portfolio as it stands presently has the opportunity for better returns with less risk than our benchmark. As we stated earlier, risk/reward profiling is but one of the key ingredients to our active management process. Notably, the chart below summarizes the other three EOG investment pillars we adhere to. In addition to the below market multiple, the aggregate portfolio also displays above-benchmark profitability, balance sheet strength, and earnings growth, which furthers our conviction of achieving our financial goals over time. As our interests align with our clients, we hope your respective goals are realized too.

Pillar Metrics: Growth, Valuation, Profitability & Balance Sheet Strength

	EPS Growth			2025E Multiple			Profitability/Returns			Balance Sheet	
	2024E	2025E	23-25E CAGR	P/E	EV/EBITDA	FCF Yield	ROE	ROIC	EBITDA Mgn	Coverage	Leverage
Special Opportunities	10.7%	13.7%	12.2%	17.4x	12.0x	4.3%	16.9%	8.9%	25.1%	6.6x	2.1x
Russell 3000	9.2%	13.6%	11.4%	19.1x	12.5x	4.2%	8.0%	5.2%	13.8%	2.7x	2.1x
% Better / Worse vs Bench	16.2%	0.5%	6.9%	(8.7%)	(4.3%)	3.0%	110.6%	73.0%	82.8%	142.5%	(3.4%)

Data as of 03.31.2024. Source: Bloomberg L.P.

As always, thank you for your interest and support.

Dan Morrall
Co-Portfolio Manager

Jim Curtis, CFA®
Co-Portfolio Manager

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Important Information

Disclosures

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Performance Disclosure: Effective 06.30.2023, the net of fee performance reflects the deduction of the maximum SMA bundled fee of 3.00% annually for all periods presented. Performance is preliminary and is annualized for periods longer than one year. Net of fees performance returns are presented net of the SMA bundled fee, which includes all charges for trading costs, advisory services, portfolio management, custody and other administrative fees. “Pure” Gross of fees performance returns do not reflect the deduction of any fees including trading costs: a client’s return will be reduced by the management fees and other expenses it may incur. Investment management fees are described in 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. 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 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: **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. **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. **The EBITDA/EV** multiple is a financial valuation ratio that measures a company's return on investment (ROI). The EBITDA/EV ratio may be preferred over other measures of return because it is normalized for differences between companies. Using EBITDA normalizes for differences in capital structure, taxation, and fixed asset accounting. **An exchange-traded fund (ETF)** is a type of pooled investment security that can be bought and sold much like an individual stock. The main difference between an ETF and a mutual fund is that though a mutual fund is also a pooled investment, it trades only once a day after market close. **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**. Infrastructure as a service (IaaS)** is a form of cloud computing that provides virtualized computing resources over the internet. IaaS is one of the three main categories of cloud computing services, alongside software as a service (SaaS) and platform as a service (PaaS). **Price Earnings Ratio (P/E)**: is the relationship between a company’s stock price and earnings per share (EPS). The P/E ratio shows the expectations of the market and is the price you must pay per unit of current earnings (or future earnings, as the case may be**). Return on equity (ROE)** is a measure of financial performance calculated by dividing net income by shareholders' equity. Because shareholders' equity is equal to a company’s assets minus its debt, ROE is considered the return on net assets. **Return on invested capital (ROIC)** is a calculation used to assess a company's efficiency in allocating capital to profitable investments. ROIC gives a sense of how well a company is using its capital to generate profits. Comparing a company's ROIC with its weighted average cost of capital (WACC) reveals whether invested capital is being used effectively. **Total Addressable Market (TAM),** also referred to as total available market, is the overall revenue opportunity that is available for a product or service if 100% market share is achieved. (Technical definitions are sourced from Corporate Finance Institute.)

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Sterling Capital Special Opportunities SMA

	Total "Pure" Gross Return	Total Net Return	Benchmark Return	3Y Composite Std. Dev. (Gross)	3Y Benchmark Std. Dev.	Composite Dispersion	Number of Portfolios	Composite Assets (MM)	Total Firm Assets (MM)
2023	25.81%	22.20%	25.96%	18.67%	17.46%	0.12%	245	$189	$66,746
2022	-19.27%	-21.67%	-19.21%	22.54%	21.48%	0.22%	252	$166	$62,842
2021	27.82%	24.16%	25.66%	19.35%	17.94%	Not Calculable	3	$289	$75,309
2020	15.23%	11.89%	20.89%	20.36%	19.41%	Not Calculable	3	$419	$70,108
2019	27.22%	23.57%	31.02%	12.31%	12.21%	Not Calculable	4	$525	$58,191
2018	-3.32%	-6.15%	-5.24%	10.99%	11.18%	Not Calculable	4	$453	$56,889
2017	20.55%	17.09%	21.13%	9.85%	10.09%	Not Calculable	4	$493	$55,908
2016	5.72%	2.64%	12.74%	10.35%	10.88%	Not Calculable	4	$721	$51,603
2015	9.59%	6.41%	0.48%	9.67%	10.58%	Not Calculable	4	$901	$51,155
2014	15.93%	12.58%	12.56%	9.33%	9.29%	Not Calculable	4	$927	$47,539

Benchmark: Russell 3000® Index   Composite Creation Date: 12.31.2000   Inception Date: 01.01.2001

1. Consists of all discretionary separately managed wrap Special Opportunities portfolios. SCM's Special Opportunities equity portfolios invest primarily in companies with the best perceived combination of underlying growth potential and attractive valuation in a concentrated portfolio that has the flexibility to shift among styles.
2. Sterling Capital Management LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Sterling Capital Management LLC has been independently verified for the periods 01/01/2001 to 12/31/2022. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. Benchmark returns are not covered by the report of the independent verifiers. GIPS® is a registered trademark of the CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.
3. Sterling Capital Management LLC (SCM) is a registered investment advisor with the 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 merged into Sterling Capital 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.
4. The performance presented represents past performance and is no guarantee of future results. Market and economic conditions vary from year to year and can result in a decline in market value due to material market or economic conditions. Please refer to the slide titled "Performance" for the one-, five-, and ten-year returns of the composite.
5. A complete list of all of SCM's composites and SCM's broad distribution pooled funds and their descriptions is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Composite Reports are available upon request.
6. Performance reflects reinvested interest income and dividends and realized and unrealized capital gains and losses. All portfolios utilize trade-date and accrued income accounting. Valuations and performance are reported in U.S. dollars. Periodic time weighted returns are geometrically linked. Returns are not calculated net of non-reclaimable withholding taxes due to immaterial dollar amounts. Effective 1/1/21, composite returns are calculated by weighting the individual portfolio returns using beginning of period market values. Prior to 1/1/21, composite returns were calculated monthly by weighting the aggregate SMA/Wrap sponsor returns using beginning of period market values.
7. "Pure" gross of fees returns are presented as supplemental information and do not reflect the deduction of any fees including trading costs. Net returns are calculated by deducting the highest applicable wrap fee of 3.00% annually from the pure gross composite return. As of 6/30/23, the composite model fee was updated to 3.00% annually for all periods presented. Prior to this change, the net of fees returns reflected the maximum bundled external platform fee of 2.82%. Prior to 1/1/21, the net of fees returns reflect the actual SMA fee of the individual portfolios in each platform except for one platform where the maximum fee is deducted from the gross return. The SMA fee includes all charges for trading costs, portfolio management, custody and other administrative fees. The actual fee may vary by size and type of portfolio. The maximum SMA or bundled external platform fee is 2.82% annually and includes Sterling's actual management fee of 0.32%. Sterling's actual management fees are 50 basis points annually or less. Since inception, the composite is comprised 100% of wrap fee portfolios.
8. Effective 1/1/22, portfolios are removed from the composite for flows 10% or greater of prior month portfolio market value. Portfolio remains out of the composite for the month of the flow and for one additional period. Prior to 1/1/22, portfolios were not removed from the composite for flows.
9. The appropriate benchmark is the Russell 3000® Index. The Russell 3000® Index measures the performance of the largest 3,000 U.S. companies, representing approximately 98% of the investable U.S. market. It represents the universe of stocks from which all-cap managers typically select. The index is reconstituted annually. Total return includes price appreciation/depreciation and income as a percent of original investment.
10. The annual composite dispersion presented is measured by an asset-weighted standard deviation calculation method of all portfolios in the composite for the entire year, and is calculated using gross of fee returns. It is not meaningful when there have been less than six portfolios in composite for entire calendar year. The three year annualized standard deviation measures the variability of the composite and benchmark returns over the preceding 36-month period. The composite 3-year standard deviation is calculated using gross of fee returns. It is not required to be presented when a full three years of composite performance is not yet available.
11. Effective 1/1/22, number of portfolios is based on underlying accounts at the wrap sponsors. Prior to 1/1/22, number of portfolios was reported as the number of wrap platforms.