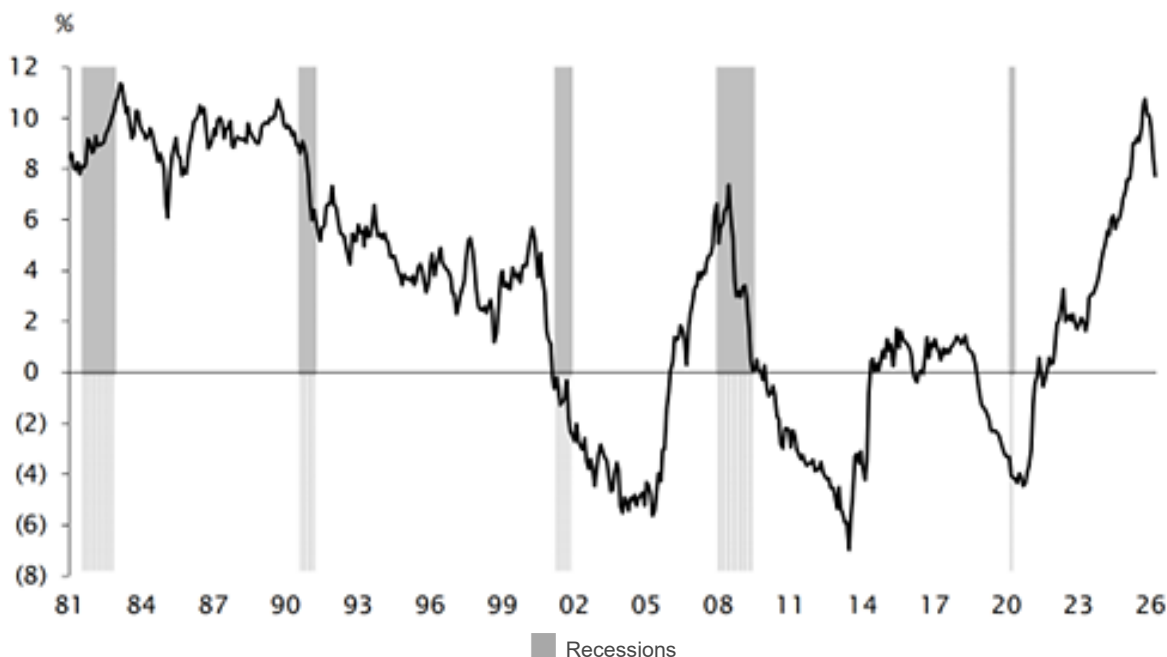


Revisionist History

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The top quintile (or fifth quintile) represents the highest 20% (80th to 100th percentile) of a data set, population, or group ranked by a specific variable. Earnings revisions are updates made by analysts to their previous forecasts of a company's future earnings per share (EPS), reflecting new information about performance, industry conditions, or management guidance. Sources: National Bureau of Economic Research, Empirical Research Partners Analysis.

As we are in the midst of college basketball teams striving to win and move onto the next round of the NCAA tournament, we'd like to take a look at what has been winning in the market since March of last year. As we shared a year ago, we believe that momentum has been a driving force not only through March of last year, but through the past twelve months. We've noted that momentum can consist of price momentum, where stocks that are rising in price may continue to do so into the future. Many times price momentum is coupled with earnings momentum, where stocks that report earnings surprises above Wall Street analysts' expectations could continue to do so quarter after quarter.

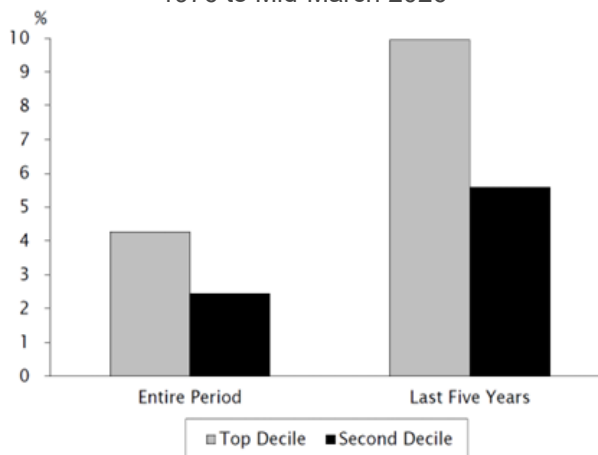
This month Empirical Research Partners provided additional data around this notable period for the performance of earnings revisions, coupled with their observation that recent price momentum has been the strongest in seven decades. There are two important observations from this information that may impact clients' understanding of their investments.

First, their data shows that the 2020's have seen the strongest performance for earnings revisions since the 1980's. As the chart at the top of the page shows, since 2020, the top 20% of large capitalization stocks with

upward revisions have driven relative performance. The second chart on this page puts the performance over the last five years in perspective, going back even further to 1976.

Large Capitalization Stocks

The Relative Returns of the Top Two Deciles of Earnings Revisions — Monthly Data Compounded to Annual Periods 1976 to Mid-March 2026

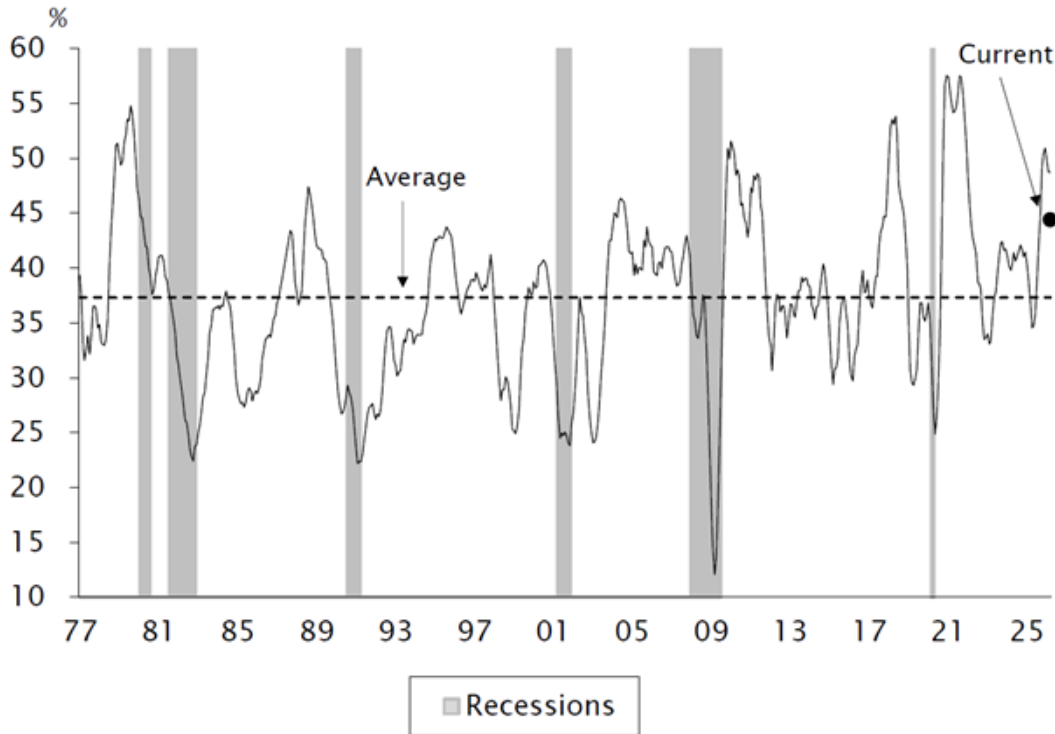


The top decile refers to the highest-performing or largest-valued 10% of a dataset, ranked from lowest to highest. Second decile is the top 20%. Source: Empirical Research Partners Analysis.

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Large Capitalization Stocks Share of Stocks with Upward Earnings Revisions 1977 to Mid-March 2026

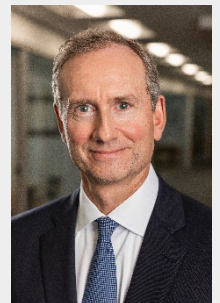


Sources: National Bureau of Economic Research, Empirical Research Partners Analysis. Data smoothed on a trailing six-month basis.

The chart above shows that the percentage of stocks experiencing upward earnings revisions has been more positive than in the past, both during the recovery from the Pandemic and from the recent artificial intelligence capital investment spike in 2025. Our observation is that the strong performance of earnings revisions has been reflected in higher valuations for these securities that historically exhibited more stable and consistent earnings patterns.

As always thank you for your interest and trust managing your investments.

Charles J. Wittmann, CFA®, Executive Director, joined Sterling Capital Management in 2014 and has investment experience since 1995. Chip is Co-Portfolio Manager of the Equity Income strategy. Prior to joining Sterling, he worked for Thompson Siegel & Walmsley as a portfolio manager and (generalist) analyst. Prior to TS&W, he was a founding portfolio manager and analyst with Shockoe Capital, an equity long/short hedge fund. Chip received his B.A. in Economics from Davidson College and his M.B.A. from Duke University's Fuqua School of Business. He holds the Chartered Financial Analyst® designation and served as President of CFA Society Virginia from 2012-2013.



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. Charts are for illustrative purposes only.

Important Information

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Since we began publishing The Lead in 2015, our primary purpose has been to communicate our investment philosophy and process as an investment advisor in the context of changing markets. In creating portfolios that differ from our benchmarks by focusing on characteristics that have a long-term history of attractive relative returns according to Ned Davis Research, the portfolios are different from the benchmarks and as a result there can be periods where results differ including below benchmark performance. Since strategies are oriented toward the long-term characteristics, if those characteristics are out of favor over a period of time, the given strategy's performance could be challenged in terms of relative performance. While Sterling believes active professional investment management that employs a consistent process with a long-term orientation and aligned with client interests offers benefits, management fees to support the active approach can be higher than certain alternatives. When hiring an investment manager we believe it is important to monitor the investment risks taken including sector concentrations, portfolio turnover, and the impacts of dividend policy changes.