

# Special Opportunities SMA

06.30.2024



**STERLING**  
CAPITAL

## Equity Opportunities Team

- Co-Portfolio Managers:
  - James L. Curtis, CFA®
  - Daniel A. Morrall
- Long-term experience
- Long-tenured investment team
- 19 years' average investment experience

## Investment Philosophy

Seek long-term appreciation by identifying companies with:

- Above-average earnings growth
- Attractive valuation
- Strong balance sheets
- Skilled management
- Above-average return on capital

## Investment Process

- Internal screens and external sources used to identify investment candidates
- Team-based approach to fundamental research
- Valuation assessed relative to historical range, industry peers, growth rate, and the market

## Portfolio Structure

- All-cap portfolio emphasizing flexibility
- Concentrated portfolio of 30-35 securities
- Typically low turnover range of 25-45%

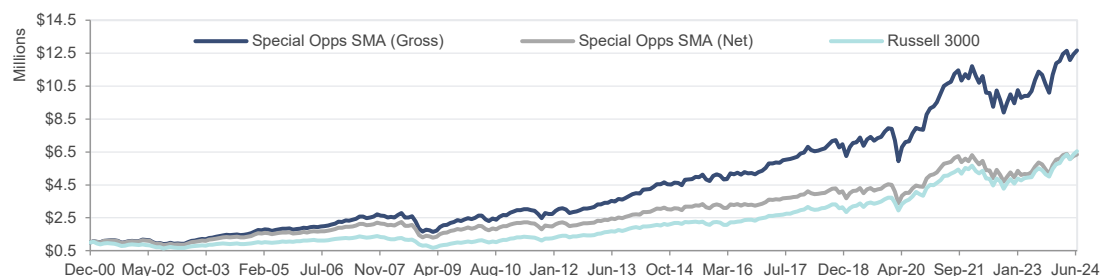
Top Ten Equity Holdings <sup>5</sup>	
Teva Pharmaceutical Industries, Ltd.	5.28%
Amazon.com, Inc.	5.26%
Marvell Technology, Inc.	5.12%
Alphabet Inc. Class C	4.63%
Microsoft Corp.	4.56%
UnitedHealth Group, Inc.	4.37%
Charles Schwab Corp	4.36%
Cohent Corp.	4.31%
Oracle Corp.	3.89%
Global Payments Inc.	3.85%
<b>Total % of Portfolio</b>	<b>46.20%</b>

Performance	QTR	YTD	1Y	3Y	5Y	10Y	ITD <sup>1</sup>
Special Opps SMA (Gross)	0.08%	6.50%	16.31%	5.57%	11.73%	10.78%	11.41%
Special Opps SMA (Net)	-0.66%	4.95%	12.95%	2.50%	8.49%	7.57%	8.18%
Russell 3000 <sup>®</sup>	3.22%	13.56%	23.13%	8.05%	14.14%	12.15%	8.32%

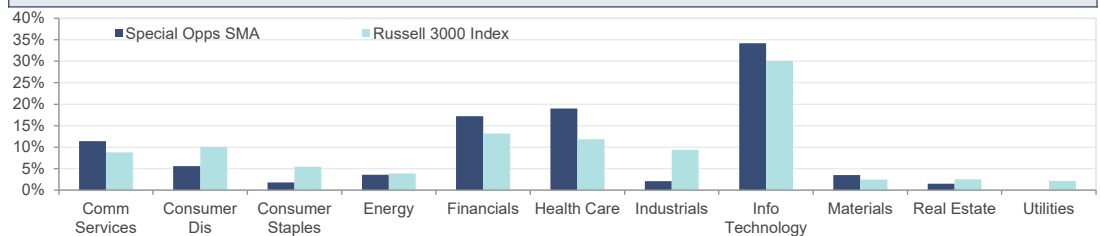
Portfolio Characteristics	Portfolio		Index	
	Portfolio	Index	Portfolio	Index
Wtd. Avg. Market Cap	\$469.8B	\$887.2B		
Wtd. Med. Market Cap	\$60.5B	\$181.3B		
Wtd. Avg. Dividend Yield	0.72%	1.30%		
Med. Hist. 5Y DPS Growth	12.89%	5.49%		
Wtd. Harmonic Med. P/E (FY1)	22.60x	25.50x		
Med. Hist. 3Y EPS Growth	14.20%	11.90%		
Med. Est. 3-5Y EPS Growth	12.80%	10.40%		
Med. Net Debt/EBITDA	1.59x	1.64x		
Med. Return on Equity	14.99%	8.23%		
Number of Holdings	31	2925		
Active Share	85.99%	---		
Turnover <sup>2</sup>	39.19%	---		

Risk Statistics <sup>3</sup> vs. Russell 3000 <sup>®</sup> Index	Gross		Net	
	Gross	Net	Gross	Net
Up Market Capture	101.87%	93.10%		
Down Market Capture	89.07%	94.01%		
Std. Deviation (Portfolio)	15.89%	15.89%		
Std. Deviation (Index)	15.76%	---		
Annualized Alpha	3.45%	0.43%		
Beta	0.94	0.94		
Tracking Error	5.74	5.74		
Rolling 3Y Batting Avg.	56.68%	36.44%		
Rolling 5Y Batting Avg.	54.26%	34.08%		
Outperforms in Down Periods	61.22%	55.10%		

## Growth of \$1 Million (Gross & Net of Fees, Since Inception)<sup>1,4</sup>



## Sector Allocation<sup>5</sup>



<sup>1</sup>The performance inception date is 12.31.2000. 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 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. The benchmark is the Russell 3000<sup>®</sup> Index. <sup>2</sup>Turnover is for the last 12 months. <sup>3</sup>Risk statistics are based on monthly returns since inception. Risk statistics are calculated using the gross and net performance of the strategy composite. <sup>4</sup>The Growth of \$1 Million chart depicts a hypothetical investment based upon actual returns of the composite since inception. <sup>5</sup>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. The **Russell 3000<sup>®</sup> Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market and seeks to provide a comprehensive, unbiased and stable barometer of the broad market. The **Chartered Financial Analyst<sup>®</sup> (CFA)** charter is a graduate-level investment credential awarded by 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. Sources: Russell Investments; FactSet; Sterling Capital Management Analytics; S&P; eVestment Analytics.

## 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

- 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.
- 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.
- Sterling Capital Management LLC (SCM) is a registered investment advisor with the U.S. Securities & Exchange Commission (SEC). Registration does not imply a certain level of skill or training. SCM manages a variety of equity, fixed income and multi-asset portfolios. Prior to January 2001, SCM was a wholly owned subsidiary of United Asset Management (UAM). In January 2001, SCM purchased all the assets and business of Sterling Capital Management Company from UAM to become an employee-owned firm. In April 2005, BB&T Corporation (BB&T) purchased a majority equity ownership stake in SCM. In October 2010, the management group of SCM entered into an agreement with BB&T that reduced and restructured management's interest in SCM. Additionally, BB&T Asset Management merged into SCM. In January 2013, CHOICE Asset Management merged into SCM. In August 2015, eight new employees joined SCM via Stratton Management Company following the close of BB&T's purchase of Susquehanna Bancshares. In December 2019, BB&T and SunTrustBanks, Inc. Holding Company merged as equals to form Truist Financial Corporation. SCM was then a wholly-owned subsidiary of Truist Financial Corporation. In August 2020, eight new employees joined SCM via the Investment Advisory Group of SunTrust Advisory Services. In July 2024, Guardian Capital LLC, a wholly-owned subsidiary of Guardian Capital Group Limited (Guardian), completed the acquisition of SCM from Truist.
- The performance presented represents past performance and is no guarantee of future results. Market and economic conditions vary from year to year and can result in a decline in market value due to material market or economic conditions. Please refer to the slide titled "Performance" for the one-, five-, and ten-year returns of the composite.
- A complete list of all of SCM's composites and SCM's broad distribution pooled funds and their descriptions is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Composite Reports are available upon request.
- Performance reflects reinvested interest income and dividends and realized and unrealized capital gains and losses. All portfolios utilize trade-date and accrued income accounting. Valuations and performance are reported in U.S. dollars. Periodic time weighted returns are geometrically linked. Returns are not calculated net of non-reclaimable withholding taxes due to immaterial dollar amounts. Effective 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.
- "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.
- 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.
- 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.
- 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.
- 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.