

# Special Opportunities

03.31.2025



**STERLING**  
CAPITAL

## Equity Opportunities Team

- Co-Portfolio Managers:
  - James L. Curtis, CFA®
  - Daniel A. Morrall
- Long-term experience
- Long-tenured investment team
- 21 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

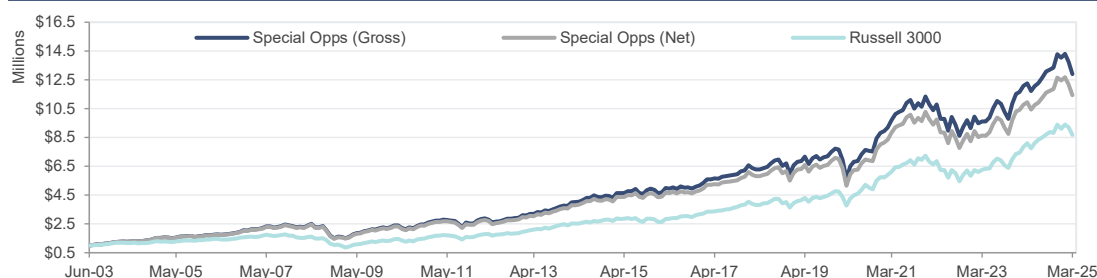
- All-cap portfolio emphasizing flexibility
- Concentrated portfolio of 30-35 securities
- Typically low turnover range of 25-45%

| Performance          | QTR    | YTD    | 1Y    | 3Y    | 5Y     | 10Y    | ITD <sup>1</sup> |
|----------------------|--------|--------|-------|-------|--------|--------|------------------|
| Special Opps (Gross) | -8.04% | -8.04% | 5.26% | 6.19% | 18.01% | 10.77% | 12.48%           |
| Special Opps (Net)   | -8.21% | -8.21% | 4.53% | 5.45% | 17.25% | 10.07% | 11.85%           |
| Russell 3000®        | -4.72% | -4.72% | 7.22% | 8.22% | 18.18% | 11.80% | 10.45%           |

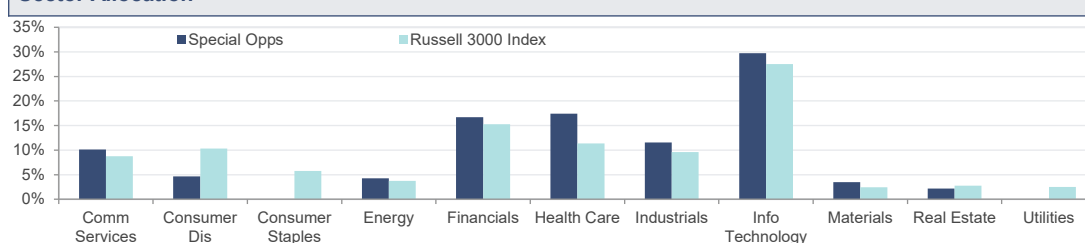
| Portfolio Characteristics    |           |          |
|------------------------------|-----------|----------|
|                              | Portfolio | Index    |
| Wtd. Avg. Market Cap         | \$532.8B  | \$792.8B |
| Wtd. Med. Market Cap         | \$86.4B   | \$187.5B |
| Wtd. Avg. Dividend Yield     | 0.78%     | 1.34%    |
| Med. Hist. 5Y DPS Growth     | 10.40%    | 4.97%    |
| Wtd. Harmonic Med. P/E (FY1) | 18.81x    | 21.28x   |
| Med. Hist. 3Y EPS Growth     | 11.35%    | 1.74%    |
| Med. Est. 3-5Y EPS Growth    | 11.72%    | 8.31%    |
| Med. Net Debt/EBITDA         | 1.41x     | 1.63x    |
| Med. Return on Equity        | 16.35%    | 7.76%    |
| Number of Holdings           | 31        | 2960     |
| Active Share                 | 81.58%    | ---      |
| Turnover <sup>2</sup>        | 38.48%    | ---      |

| Risk Statistics <sup>3</sup> vs. Russell 3000® Index |         |
|------------------------------------------------------|---------|
| (Gross of Fees, Since Inception <sup>1</sup> )       |         |
| Up Market Capture                                    | 101.71% |
| Down Market Capture                                  | 92.60%  |
| Std. Deviation (Portfolio)                           | 15.63%  |
| Std. Deviation (Index)                               | 15.13%  |
| Annualized Alpha                                     | 2.31%   |
| Beta                                                 | 0.97    |
| Tracking Error                                       | 5.48    |
| Rolling 3Y Batting Avg.                              | 51.77%  |
| Rolling 5Y Batting Avg.                              | 58.91%  |
| Outperforms in Down Periods                          | 59.30%  |

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



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



## Top Ten Equity Holdings<sup>5</sup>

|                             |               |
|-----------------------------|---------------|
| Teva Sp ADR                 | 4.99%         |
| UnitedHealth Group          | 4.85%         |
| Microsoft Corporation       | 4.78%         |
| Amazon.com, Inc.            | 4.55%         |
| Visa Inc. Class A           | 4.32%         |
| CACI Intl Cl-A              | 4.17%         |
| ONEOK, Inc.                 | 4.14%         |
| NVIDIA Corporation          | 3.95%         |
| Alphabet Inc. Class C       | 3.77%         |
| Oracle Corporation          | 3.69%         |
| <b>Total % of Portfolio</b> | <b>43.21%</b> |

<sup>1</sup>The performance inception date is 06.30.2003. 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. 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. The benchmark is the Russell 3000® 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 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® 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®** (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

|      | Total<br>Gross Return | Total<br>Net Return | Benchmark<br>Return | 3Y Composite<br>Std. Dev. (Gross) | 3Y Benchmark<br>Std. Dev. | Composite<br>Dispersion | Number of<br>Portfolios | Composite<br>AUM (MM) | Total Firm<br>AUM (MM) |
|------|-----------------------|---------------------|---------------------|-----------------------------------|---------------------------|-------------------------|-------------------------|-----------------------|------------------------|
| 2024 | 21.84%                | 21.01%              | 23.81%              | 18.29%                            | 17.56%                    | 0.06%                   | 6                       | \$450                 | \$66,160               |
| 2023 | 25.84%                | 24.98%              | 25.96%              | 18.77%                            | 17.46%                    | 0.03%                   | 11                      | \$472                 | \$66,746               |
| 2022 | -19.28%               | -19.85%             | -19.21%             | 23.27%                            | 21.48%                    | 0.11%                   | 13                      | \$519                 | \$62,842               |
| 2021 | 28.86%                | 28.15%              | 25.66%              | 20.36%                            | 17.94%                    | 0.30%                   | 14                      | \$894                 | \$75,309               |
| 2020 | 14.08%                | 13.38%              | 20.89%              | 21.49%                            | 19.41%                    | 0.28%                   | 14                      | \$821                 | \$70,108               |
| 2019 | 29.00%                | 28.30%              | 31.02%              | 12.98%                            | 12.21%                    | 0.83%                   | 19                      | \$1,510               | \$58,191               |
| 2018 | -3.92%                | -4.50%              | -5.24%              | 11.34%                            | 11.18%                    | 0.35%                   | 20                      | \$1,400               | \$56,889               |
| 2017 | 20.63%                | 19.92%              | 21.13%              | 9.85%                             | 10.09%                    | 0.35%                   | 19                      | \$1,634               | \$55,908               |
| 2016 | 6.31%                 | 5.65%               | 12.74%              | 10.41%                            | 10.88%                    | 0.17%                   | 16                      | \$1,446               | \$51,603               |
| 2015 | 9.17%                 | 8.38%               | 0.48%               | 9.81%                             | 10.58%                    | 0.15%                   | 14                      | \$1,178               | \$51,155               |

Benchmark: Russell 3000® Index

Composite Creation Date: 12.31.2012

Inception Date: 07.01.2003

- Consists of all discretionary separately managed 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 high conviction portfolio that has the flexibility to shift among styles.
- 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 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 12/31/2023. 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.
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- 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 1/1/20, composite returns are calculated by weighting the individual portfolio returns using beginning of period market values. From 1/1/13 through 12/31/19, composite returns were asset weighted using the aggregate method that reflects both beginning market value and cash flows. From inception through 12/31/12, composite returns were calculated by weighting the individual portfolio returns using beginning of period market values.
- Gross of fees returns reflect the deduction of trading costs. Effective 1/1/22, the net of fees returns reflect the maximum ADV management fee. Prior to 1/1/22, the net of fees returns are presented after actual management fees and trading costs. 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 SCM's Form ADV, Part 2A.
- 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.