

# Intermediate Government SMA

06.30.2023

## Philosophy

- Multi-faceted Process Adds Value
- Conservative Approach to Fixed Income Management
- Bond Market Inefficiencies Offer Opportunities for Selective Investors
- Fundamental Research Drives Security Selection

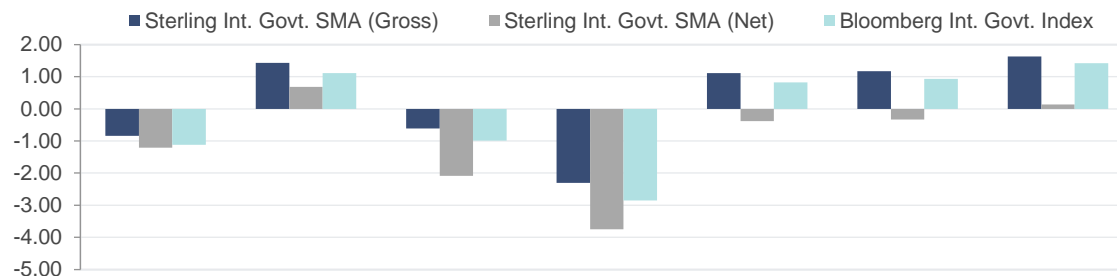
## Process

### Top Down

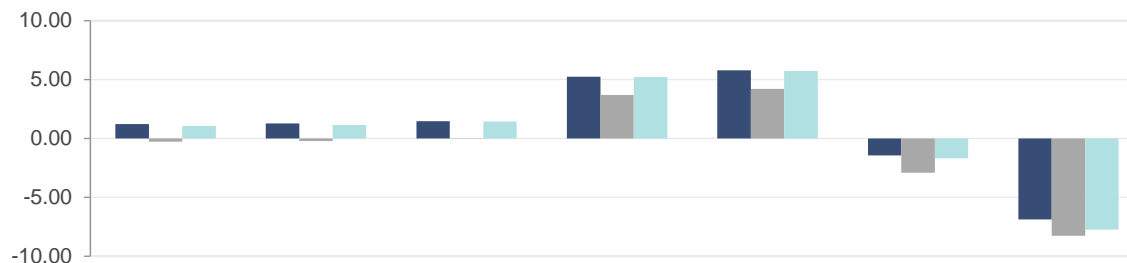
- Duration Management
- Yield Curve Analysis
- Sector Analysis

### Bottom Up

- Proprietary Analysis
- Fundamental Research
- Security Selection



Performance	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception <sup>1</sup>
Sterling (Gross)	-0.84%	1.43%	-0.61%	-2.30%	1.11%	1.17%	1.63%
Sterling (Net)	-1.21%	0.68%	-2.09%	-3.75%	-0.38%	-0.33%	0.13%
Index	-1.12%	1.11%	-0.99%	-2.85%	0.82%	0.93%	1.42%



Year-End Returns	2016	2017	2018	2019	2020	2021	2022
Sterling (Gross)	1.21%	1.28%	1.46%	5.25%	5.78%	-1.45%	-6.88%
Sterling (Net)	-0.27%	-0.21%	-0.04%	3.70%	4.22%	-2.91%	-8.26%
Index	1.05%	1.14%	1.43%	5.20%	5.73%	-1.69%	-7.73%

<sup>1</sup>Inception is 03.01.2010. The benchmark is the Bloomberg Int. Govt. Index. 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. 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 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. Performance for periods greater than one year is annualized. Please refer to the GIPS Composite Report in the Appendix for additional disclosures. Sources: Sterling Capital Management Analytics; Bloomberg L.P. Please refer to Municipal Fixed Income SMA Menu slide for Sterling Capital's full menu.

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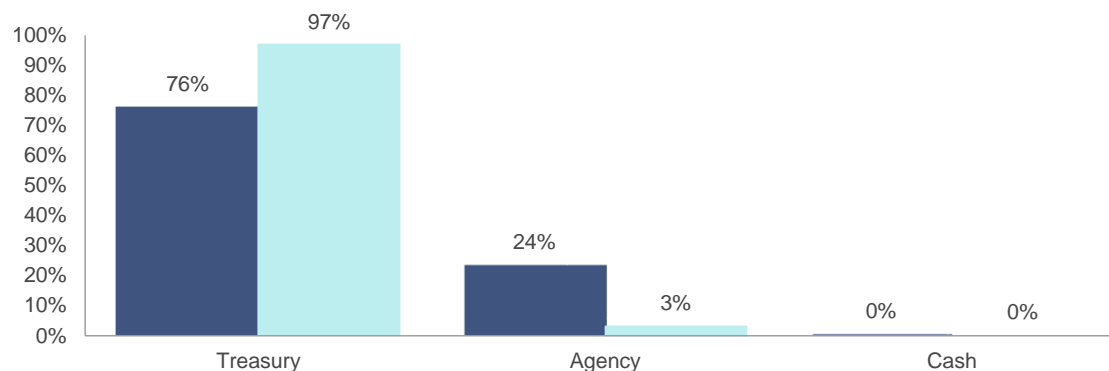
## Portfolio Characteristics

	Sterling	Index
Yield to Worst	4.57%	4.5%
Yield to Maturity	4.57%	4.50%
Current Yield	2.54%	2.26%
Average Coupon	2.36%	2.09%
Average Life	3.98 Years	3.98 Years
Effective Duration	3.60 Years	3.63 Years
Average Quality	AA+	AA+

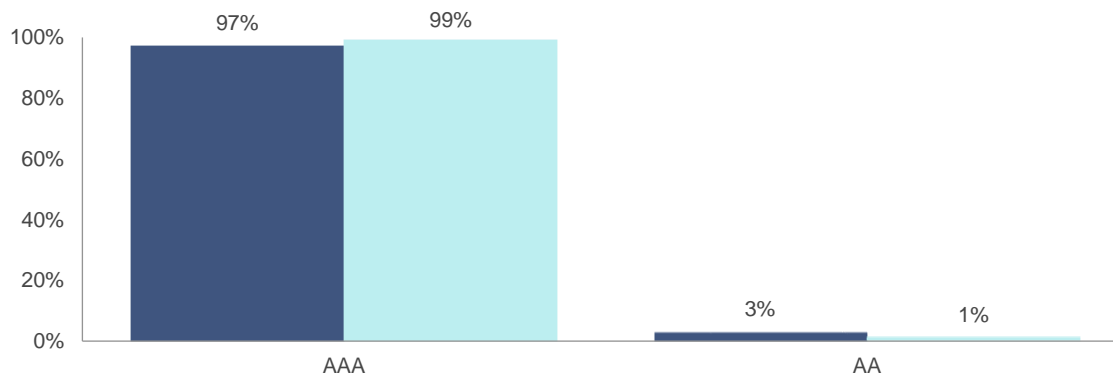
## Duration Distribution

	Sterling	Index
0-2 Years	35%	27%
2-4 Years	22%	34%
4-6 Years	20%	26%
6-8 Years	23%	13%
Total	100%	100%

## Sector Composition



## Credit Quality



■ Sterling Intermediate Government SMA

■ Bloomberg Intermediate Government Index

Data is as of 06.30.2023. The benchmark is the Bloomberg U.S. Intermediate Government Bond Index. Portfolio characteristics totals may not equal 100% due to rounding. Credit rating source: Bloomberg L.P. Data sources: Bloomberg L.P.; Sterling Capital Management Analytics.



# Important Information

## Disclosures

**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. Economic charts are provided for illustrative purposes only. The information provided herein is subject to market conditions and is therefore expected to fluctuate.**

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## Sterling Capital Intermediate Government SMA

	Total Gross Return AWR	Total Net Return AWR	Benchmark	3Yr Ex-Post Std Dev Composite Gross	3Yr Ex-Post Std Dev Benchmark	Internal Equal Wtd. Dispersion	Number Of Portfolios	Composite Assets (MM)	Total Firm Assets (MM)	Percent Wrap
2022	-6.88%	-8.26%	-7.73%	3.25%	3.55%	0.06%	8	24	62,842	4%
2021	-1.45%	-2.91%	-1.69%	2.33%	2.45%	0.06%	11	40	75,309	3%
2020	5.78%	4.22%	5.73%	2.36%	2.49%	Not Calculable	2	16	70,108	4%
2019	5.25%	3.70%	5.20%	2.03%	2.11%	Not Calculable	2	13	58,191	4%
2018	1.46%	-0.04%	1.43%	2.08%	2.21%	Not Calculable	2	11	56,889	2%
2017	1.28%	-0.21%	1.14%	2.06%	2.16%	Not Calculable	1	11	55,908	0%
2016	1.21%	-0.27%	1.05%	2.09%	2.24%	Not Calculable	2	12	51,603	4%
2015	1.31%	-0.19%	1.18%	1.83%	1.91%	Not Calculable	1	9	51,155	0%
2014	2.39%	0.88%	2.52%	1.68%	1.62%	Not Calculable	1	10	47,539	0%
2013	-1.05%	-2.51%	-1.25%	2.08%	1.70%	Not Calculable	1	10	45,638	0%

Benchmark: Bloomberg Intermediate Government Bond Index

Composite Creation Date: 04.01.2010

Inception Date: 03.01.2010

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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 1/1/22, composite returns are calculated by weighting the individual portfolio returns using beginning of period market values. From 3/1/16 through 12/31/21, composite returns were calculated monthly by weighting the aggregate SMA/Wrap platform returns using beginning of period market values. Cash flows were accounted for at the portfolio level. Prior to 3/1/16, composite returns were based on the aggregate method and calculated monthly using the Modified Dietz method.
- Gross of fees returns are presented before management fees but after all trading costs. Net of fees returns are calculated by deducting the highest applicable wrap fee of 1.50% annually from the gross of fees composite return. As of 6/30/23, the composite model fee was updated to 1.50% annually for all periods presented. Prior to this change, effective 1/1/20, the net of fees returns reflected a maximum SMA or bundled external platform fee of 1.47% annually and included Sterling's actual management fee of 0.12%. The SMA fee includes all charges for portfolio management, custody and other administrative fees. Prior to 1/1/20, the net of fees returns reflected the actual SMA fee of the individual portfolios in one platform while the other platform deducted the following bundled fee (inception through 6/30/18 = 0.75% on an annual basis and beginning 7/1/18 = 0.60% on an annual basis) from the gross return.
- The appropriate benchmark is the Bloomberg Int. Govt Bond Index. This index is a component of the Bloomberg Government Index with sectors including Treasuries and Agencies. Securities must have a maturity from 1 year up to (but not including) 10 years. Securities must have at least one year to final maturity regardless of call features; must be rated investment grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, Fitch; must have at least \$250 million par outstanding; must be dollar denominated, non-convertible and publicly issued. Effective 1/1/14, minimum portfolio size for inclusion in the composite was removed. From 3/1/10 through 3/31/12 the minimum initial portfolio size for inclusion in the composite was \$1,000,000. From 4/1/12 through 12/31/13, the minimum initial portfolio size for inclusion in the composite was \$250,000. Prior to 12/31/13, portfolios were excluded from the composite when the asset value fell below the minimum for a period of 3 consecutive months.
- The annual composite dispersion presented is measured by an equal 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. Starting with 2021, the number of portfolios represents the actual number of portfolios in the composite. Prior to 2021, the number of portfolios represented the number of SMA/Wrap platforms.