

# Mid Cap Value SMA

03.31.2025



**STERLING**  
CAPITAL

## Insight Equity Group

- Portfolio Managers:
  - Andrew T. DiZio, CFA®
  - Will C. Smith, CFA®
- Long-term experience
- Long-tenured investment team

## Investment Philosophy

- Seek to purchase companies at a significant discount to their intrinsic worth
- Free cash flow is the foundation of intrinsic value
- Seek businesses with sustainable competitive advantages
- Partner with shareholder-oriented management teams

## Investment Process

- Fundamentally-driven analysis of each company
- Focus on balance sheet strength
- Multi-faceted valuation analysis
- Written investment thesis on each holding

## Portfolio Structure

- Target market cap range of \$1B-\$30B
- Consistent value characteristics since inception
- Well-diversified by sector and industry
- Strict sell discipline

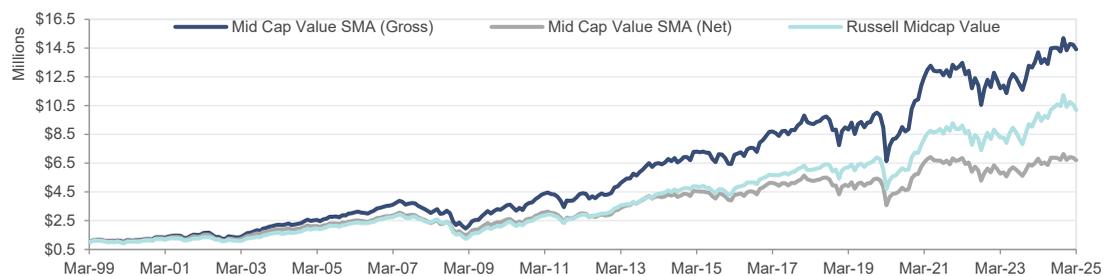
Top Ten Equity Holdings <sup>5</sup>	
Globe Life Inc.	4.45%
Corteva Inc	4.19%
Paycom Software, Inc.	4.05%
NiSource Inc	4.01%
CBRE Group, Inc. Class A	3.93%
Humana Inc.	3.82%
Take-Two Interactive	3.62%
Euronet Worldwide, Inc.	3.58%
SS&C Technologies	3.56%
Markel Group Inc.	3.23%
<b>Total % of Portfolio</b>	<b>38.44%</b>

Performance	QTR	YTD	1Y	3Y	5Y	10Y	ITD <sup>1</sup>
Mid Cap Value SMA (Gross)	0.58%	0.58%	1.52%	2.29%	16.81%	7.05%	10.81%
Mid Cap Value SMA (Net)	-0.16%	-0.16%	-1.45%	-0.69%	13.44%	3.94%	7.60%
Russell MidCap® Value	-2.11%	-2.11%	2.27%	3.78%	16.70%	7.62%	9.34%

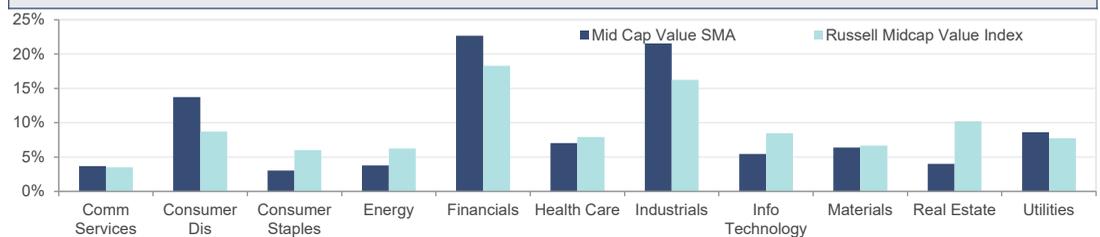
Portfolio Characteristics	Portfolio		Index	
	Portfolio	Index	Portfolio	Index
Wtd. Avg. Market Cap	\$18.9B	\$25.6B		
Wtd. Med. Market Cap	\$12.2B	\$22.5B		
Wtd. Med. P/E (FY1)	14.99x	17.65x		
Wtd. Med. P/B	2.17x	2.57x		
Wtd. Avg. Dividend Yield	1.17%	1.97%		
Med. Return on Equity	12.55%	11.02%		
Number of Holdings	37	712		
Active Share	94.09%	---		
Turnover <sup>2</sup>	24.33%	---		

Risk Statistics <sup>3</sup> vs. Russell MidCap® Value Index	
(Gross of Fees, Since Inception <sup>1</sup> )	
Up Market Capture	102.29%
Down Market Capture	96.46%
Std. Deviation (Portfolio)	18.29%
Std. Deviation (Index)	17.22%
Annualized Alpha	1.44%
Beta	1.01
Tracking Error	5.73
Rolling 3Y Batting Avg.	56.32%
Rolling 5Y Batting Avg.	60.87%
Outperforms in Down Periods	53.51%

## 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 03.31.1999. 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 MidCap® Value 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 MidCap® Value Index** measures the performance of the midcap value segment of the U.S. equity universe. It includes those Russell MidCap® Index companies with lower price-to-book ratios and lower forecasted growth values. 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; eVestment Analytics.

## Sterling Capital Mid Cap Value SMA

	Total Gross Return	Total Net Return	Benchmark Return	3Y Composite Std. Dev. (Gross)	3Y Benchmark Std. Dev.	Composite Dispersion	Number of Portfolios	Composite AUM (MM)	Total Firm AUM (MM)
2023	12.71%	9.45%	12.71%	18.27%	19.31%	0.47%	12	\$509	\$66,746
2022	-11.72%	-14.33%	-12.03%	26.34%	24.44%	Not Calculable	14	\$575	\$62,842
2021	23.20%	19.66%	28.34%	25.22%	21.95%	0.10%	6	\$2	\$75,309
2020	8.10%	4.94%	4.96%	26.35%	22.62%	0.52%	7	\$3	\$70,108
2019	29.33%	25.63%	27.06%	15.83%	12.79%	1.33%	41	\$21	\$58,191
2018	-16.73%	-19.20%	-12.29%	14.79%	11.96%	0.49%	76	\$28	\$56,889
2017	14.74%	11.42%	13.34%	13.78%	10.32%	0.36%	83	\$43	\$55,908
2016	18.17%	14.76%	20.00%	14.14%	11.30%	0.63%	178	\$97	\$51,603
2015	-0.89%	-3.78%	-4.78%	12.69%	10.71%	0.56%	384	\$175	\$51,155
2014	6.45%	3.35%	14.75%	11.80%	9.81%	0.36%	409	\$192	\$47,539

Benchmark: Russell MidCap® Value Index

Composite Creation Date: 12.31.2005

Inception Date: 04.01.1999

- Consists of all discretionary separately managed wrap mid capitalization equity portfolios. SCM's mid capitalization equity accounts invest primarily in companies similar to the market capitalization of the Russell MidCap® Index. Prior to 12/31/04, portfolios were not tax-managed. Beginning 1/1/05 tax management strategies can be employed per individual account request.
- 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 1/1/05, composite returns are calculated by weighting the individual portfolio returns using beginning of period market values. Prior to 1/1/05, composite returns were asset weighted using the aggregate method that reflects both beginning market value and cash flows.
- Gross of fees returns are presented as supplemental information and may 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 highest equity wrap fee schedule of 2.82%. Prior to 1/1/21, the net of fees returns reflected the actual SMA fee of the individual accounts. From 9/30/06 through 12/31/19 the gross and "pure" gross of fees returns include commissions. The SMA fee includes charges for trading costs, portfolio management, custody, and other administrative fees. The maximum SMA or bundled external program fee for Mid Cap Value is 1.45% annually and includes Sterling's actual management fee of 0.45%. An actual fee charged to an individual portfolio may vary by size and type of portfolio. Sterling's actual management fees are 45 basis points annually or less. From 4/1/99 to 12/31/04 the composite was comprised 100% of separate accounts. Beginning 1/1/05 through 6/1/22 the composite was comprised 100% of wrap fee portfolios. Beginning 6/1/22 the composite contains both separate accounts and wrap fee portfolios. As of 12/31/22 the % of wrap fee portfolios was 0.3% of the composite. As of 12/31/23 the % of wrap fee portfolios was 0.4% of the composite.
- 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 MidCap® Value Index which consists of stocks from the Russell MidCap® Index with a less than average growth orientation and lower price-to-book ratios. It represents the universe of stocks from which value 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.