

4Q23 Review



Anthony G. DeLucia
Managing Director, Senior Client Strategist | 919.696.5617 | tdelucia@sterlingcapital.com

James C. Willis, CFA®
Managing Director, Director of Advisory Solutions | 919.716.6260 | jcwillis@sterlingcapital.com

John D. Barrett, AIF®
Associate Director, Senior Client Strategy Analyst | 919.810.9883 | jbarrett@sterlingcapital.com



Sterling Capital Management

Providing Investment Expertise Since 1970

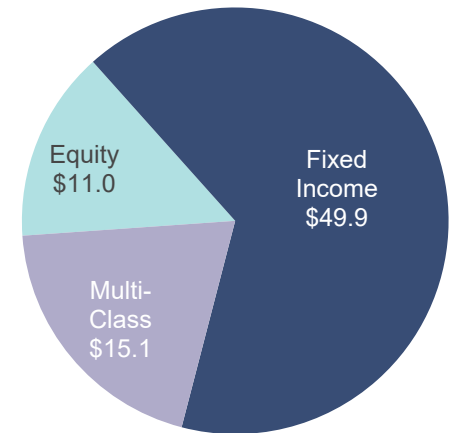
The Firm

- Institutional investment advisor headquartered in Charlotte with additional offices in Raleigh, Virginia Beach, Jupiter, FL, Philadelphia & San Francisco
- \$76 Billion in Assets Under Management and Assets Under Advisement¹
- Independently-managed subsidiary of Truist Financial Corporation

The People

- 181 seasoned investment professionals, client service and administrative teammates
- Highly-motivated personnel with varied experience to act as subject matter experts:
 - 51 CFA[®] designees in the firm²
 - Independent fundamental equity and credit research
 - Quantitative proprietary risk modeling

Total Assets (\$Billions)



44 Portfolio Managers ▪ 20 Investment Analysts ▪ 5 Traders ▪ 27 Client Strategists ▪ 13 Client Analysts ▪ 50 Operations & IT ▪ 10 Compliance & Risk ▪ 12 Staff

Diversified Investment Strategies

Fixed Income		Multi-Class Portfolios	Equity	
▪ Multi-Sector	▪ Governmental	▪ Total Return	▪ Large Cap	▪ Mid Cap
▪ Securitized	▪ Municipal	▪ Risk-Based	▪ Small Cap	▪ All Cap
▪ High Yield	▪ Floating Rate	▪ Liability-Driven	▪ Opportunistic	▪ International
▪ TIPS		▪ Yield-Focused	▪ Active/Factor	▪ Real Estate

Key Professionals	Experience
Portfolio Managers	22 Years
Investment Analysts	18 Years
Traders	23 Years
Client Strategists	21 Years

Data is as of 12.31.2023. ¹Sterling Capital's preliminary "AUA" (Assets Under Advisement) differs from our regulatory "AUM" (Assets Under Management) for which we provide continuous and regular investment management services as disclosed in our ADV. AUA generally refers to non-discretionary assets for which Sterling provides advice or consultation for which Sterling does not have authority to effectuate transactions. Such services include model portfolios and assets Sterling advises as an outsourced Chief Investment Officer on a non-discretionary basis. ²The Chartered Financial Analyst[®] (CFA) charter is a graduate-level investment credential awarded by the 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.



Episcopal Diocese of North Carolina

Balanced Objective

The primary structural objective of the Fund, which is determined by the Trustees, is to provide a commingled pool of long-term assets that will enable Fund Participants, which include individual parishes, churches, and institutions as well as Diocese funds (the “Fund Participants”), to gain access to a level of investment counsel and advice, take advantage of certain economies of scale, and capitalize on investment opportunities that would otherwise not be available to them. The Fund is designed to include long-term assets with limited scheduled withdrawals consistent with the spending objective outlined below. This will allow the Fund to make opportunistic investments including a limited exposure to illiquid investments while also enabling the Fund to withstand short-term market fluctuations, given its long-term investment horizon.

The overall financial objectives of the Fund, which are determined by the Trustees, are (a) to provide support for the current and future operations of the Fund Participants and the EDNC and (b) to grow and preserve the real value of the Fund over time.

The spending objective is to distribute approximately 4.0% of the Fund’s market value (calculated as a trailing 12 quarter average) to Fund Participants each fiscal year.

The primary investment objective of the Fund is to earn a total real return (on average and net of all fees) of at least 5.0% per year over rolling 10-year periods. It is recognized that the real return objective may not be achieved in every 10-year period, but should be achievable over a series of 10-year periods. The Fund will also be measured against a policy benchmark comprising 70% MSCI All Country World Investable Market Index (the “MSCI ACWI IMI”) and 30% Bloomberg Barclays US Aggregate Bond Index.

Investment Objectives & Guidelines

Objective

- Achieve consistent asset and income growth over the long-term investment horizon (5.0% per year over rolling 10-year periods)

Performance Goals

- 70% MSCI ACWI IMI; 30% Bloomberg Barclays U.S. Aggregate Bond Index; Prior to 7/1/18, 70% Russell Global Equity Index; 30% Bloomberg Barclays U.S. Aggregate Bond Index

Guidelines & Restrictions – Equity Securities

- Traditional, long-only security investments (common stocks) as well as hedging investments
- No individual security may represent more than 8% of the Fund's total equity exposure
- No single major industry shall represent more than 30% of the Fund's total equity exposure
- Hedging investments may be both opportunistic and core investments

Guidelines & Restrictions – Fixed Income Securities

- Overall average quality will be BBB-/Baa3 or higher
- Non-investment grade securities shall be limited to 15% of total fixed income exposure
- Obligations issued or guaranteed by the U.S. Government will have no limit
- All securities should be well diversified with respect to type, industry, and issuer in order to minimize default exposure
- Foreign currency denominated bonds shall be limited to 50% of total fixed income exposure

Guidelines & Restrictions – Cash & Equivalents

- Eligible investments may include; money market instruments, readily marketable bank CDs, repurchase agreements, commercial paper, short-term corporate notes, government and government agency obligations, and other similar instruments, all with a duration typically less than one year

Guidelines & Restrictions – Liquidity

- Minimum of 35% of portfolio market value should mature in less than 45 days. Minimum of 40% of portfolio market value should mature in less than one year. Minimum of 75% of portfolio market value should mature in less than three years

Performance & Portfolio Values

Episcopal Diocese of North Carolina

Total Portfolio Market Values

Beginning Market Value (9/30/23)	\$43,288,973
Net Capital Contributions	(468,106)
Quarter Investment Return	4,243,237
Ending Market Value (12/31/23)	\$47,064,104

Performance

	1 Month Ending 12/31/23	3 Months Ending 12/31/23	1 Year Ending 12/31/23	Annualized		
				3 Years Ending 12/31/23	5 Years Ending 12/31/23	Since Inception* (12/31/16)
Portfolio - Net	4.95%	9.86%	16.63%	2.72%	8.57%	7.59%
70% MSCI ACWI IMI / 30% BBg Barclays U.S. Agg Bond Index**	4.82	9.86	16.64	2.91	8.57	7.41

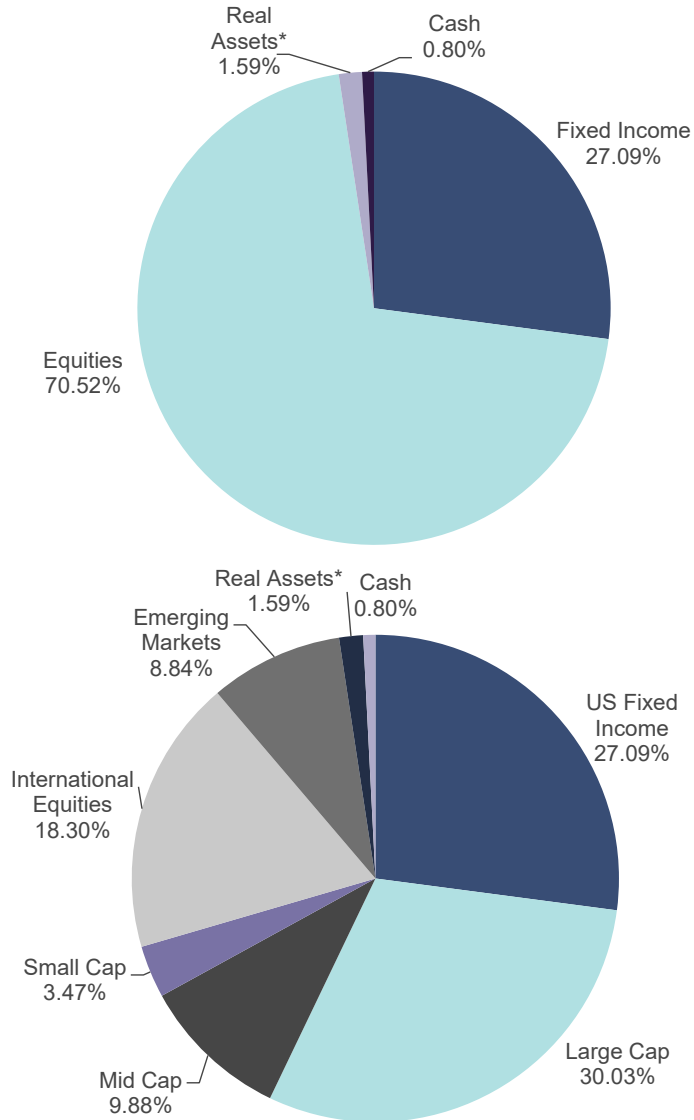
*Since Inception performance as of 12.31.23.

**Effective 7.1.18: 70% MSCI ACWI IMI / 30% Bloomberg Barclays U.S. Aggregate Bond Index. Prior to 7.1.18: 70% Russell Global Equity Index / 30% Bloomberg Barclays U.S. Aggregate Bond Index.



Portfolio Breakdown

Episcopal Diocese of North Carolina



Manager Name	Allocation	Expense Ratio	Trailing 12-Month Performance
Sterling Capital Equity Income	5.79%	0.35%	12.52%
Vanguard S&P 500 ETF	14.97%	0.03%	26.25%
Loomis Sayles – LCG	9.27%	0.35%	52.53%
Touchstone Mid Cap Value Fund	5.86%	0.84%	7.76%
Touchstone Mid Cap Growth Fund	4.02%	0.79%	24.82%
Hotchkis & Wiley Small Cap Diversified Value	3.05%	0.77%	16.36%
Federated MDT Small Cap Growth Fund	0.42%	0.88%	19.68%
Causeway International Value ADR	5.86%	0.35%	28.20%
iShares Core MSCI Intl Developed ETF	3.90%	0.04%	17.28%
Harding Loevner – Intl ADR	5.91%	0.35%	17.28%
Allspring International Small Cap ETF	2.63%	0.96%	11.97%
Principal Origin Emerging Markets Fund	3.30%	1.00%	10.19%
iShares Core MSCI Emerging Markets ETF	2.24%	0.09%	11.30%
Victory Sophus Emerging Markets Fund	3.30%	0.89%	11.44%
Total Equities	70.51%		
Sterling Capital Funds Total Return R6	7.86%	0.35%	5.97%
Guggenheim Total Return Bond I	5.99%	0.52%	7.43%
Hartford Total Return Bond ETF	4.90%	0.29%	7.03%
Neuberger Berman Strategic Income I	2.72%	0.60%	10.02%
Prudential Total Return Bond Z	5.63%	0.39%	7.78%
Total Fixed Income	27.09%		
Real Assets*	1.59%		
Cash	0.80%		
Total	100.00%	0.42%	16.63%

Sources: Sawtooth, Morningstar, Sterling Capital Analytics.

*MA Real Assets Fund data as of 9.30.23 all other data as of 12.31.23.



Asset Allocation

Summary Outlook

Economic and Market Comments

The fourth quarter produced strong returns across markets as Treasury yields and credit spreads rallied lower while equity prices moved higher. Specifically, in the fourth quarter, 5- and 10-year Treasury yields declined 76 and 71 basis points (bps), respectively, while investment-grade corporate bond spreads declined 22 bps to 0.99%. Meanwhile, Global Equities produced an 11.2% fourth quarter return. In all cases, strong returns were largely the result of improving inflation data and a shift in market expectations towards easier Federal Reserve (Fed) policy in 2024 and beyond. Additionally, there appears to be growing market confidence in a soft-landing scenario as economic growth has remained solid while inflation has moderated. Higher prices across investment markets have resulted in richer valuations and lower tactical return expectations in our analytics. Specifically, Treasury yields have again fallen well below our estimates of fair value, leading us to forecast higher rates moving forward. While improved, trailing inflation is still elevated, and our analytics continue to point to inflation risk amid solid economic growth and very low unemployment. Similarly, our analytics project low returns for taking credit risk, primarily due to currently tight credit spreads. Expected returns to Global Equities have also moved lower, but to a lesser degree than Fixed Income, as lower trailing inflation and interest rates partially offset the impact of richer valuation metrics. Given low excess return expectations in both Global Equities and Fixed Income, we maintain a neutral weight to both. Additionally, Fixed Income portfolios have been positioned more defensively given projected moves higher in interest rates and credit spreads.

Global Equity Positioning

We remain overweight Emerging Markets due to continued positive relative value metrics based on sales and dividend ratios and moderate debt growth in real terms. We have increased our underweight to International Developed Markets as expected returns have moved lower in part due to richer equity valuations and a move lower in option implied equity volatility. Our U.S. allocation has increased, however, as moderating trailing inflation and lower interest rates largely offset the impact of declining valuation metrics in the fourth quarter. Within the U.S., we have moved from underweight to overweight Large-Cap Value on expected reversal of prior year relative underperformance. Small-Cap Value remains our biggest overweight within the U.S. but to a lesser degree as relative value advantages have declined following outperformance in the fourth quarter.

Fixed Income Positioning

We have added an overweight position in the Short U.S. Government segment to lower portfolio sensitivity to a potential increase in interest rates and credit spreads. Additionally, we have added a position in U.S. Treasury Inflation-Protected Securities (TIPS) as our analytics suggest that market inflation expectations as measured by TIPS breakeven rates may have moved too low.

The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.

For institutional and financial professional use only.



Portfolio Positioning

Manager Additions/Removals 4Q23

- **No manager additions or removals in quarter.**

Asset Allocation

Commentary

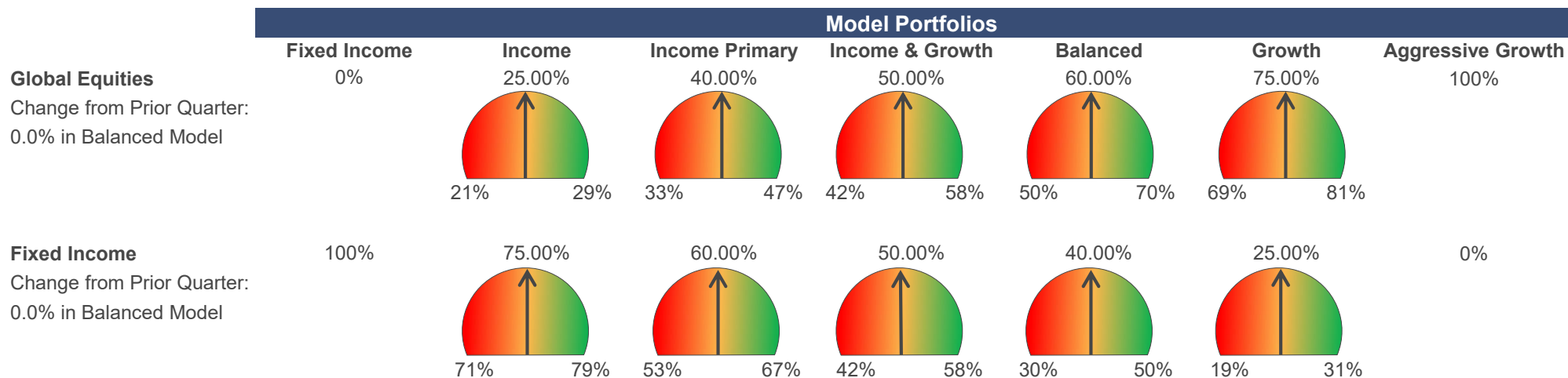
Global Equity/Fixed Income Allocations Across Model Portfolios as of 01.09.2024

Neutral Global Equities vs. Fixed Income: Investors benefited from strong market returns in the fourth quarter, reversing third quarter weakness. Correlation between broad asset class returns continued to be higher than usual as returns to equity, credit and interest rate risk were all solidly positive. Five- and 10-year Treasury Yields fell 76 and 71 bps respectively in the fourth quarter, essentially reversing the increases seen in the third quarter. The rally in interest rates was a notable reversal from the second and third quarters, as improvement in inflation data has led markets to price not only a pause in Fed interest rate hikes but also an easing of rates in 2024. Global Equities also responded positively to a more benign inflation and Fed outlook, returning 11.2% in the fourth quarter, and credit returns were strong with U.S. investment grade credit spreads declining 22 bps to 0.99%. Looking ahead, price increases across asset classes have resulted in a decline in expected tactical returns. Treasury yields have again fallen well below our analytic estimates of fair value, and tight fixed income credit spreads have resulted in low expected returns for taking credit risk. We, therefore, have positioned fixed income portfolios defensively with regards to both interest rate and credit spread risk. Similarly, rich equity valuations have brought our Global Equity forecast lower, but this has been partially offset by improvement in trailing inflation and lower interest rates. Overall, low expected returns to both Global Equities and Fixed Income lead us to maintain our neutral weight to each asset class. Within Fixed Income, however, we have reestablished a position in Short U.S. Government securities to lower both interest rate and credit spread exposure.

Global Equity Model Forecast



U.S. Aggregate Fixed Income Model Forecast



Model Forecast Graphs display forecasted Sharpe Ratios for each sector within a range of -1.5 to 1.5. Net of Benchmark weights calculated as of 01.09.2024. Net weights will change over time due to differences in index and portfolio returns and other factors. Forecasted returns generated by Sterling Capital Advisory Solutions' analytics contain a high degree of uncertainty, are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Actual results may vary widely from projections, and may not account for extreme negative scenarios that are not well represented by model estimation samples. All investing is subject to risk, including possible loss of principal.

For illustrative purposes only. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful. Past performance does not guarantee future results.















For institutional and financial professional use only.

Asset Allocation

Commentary

Global Equity Allocation Summary as of 01.09.2024

	Total Allocation	Net of Benchmark Allocation	Change from Prior Quarter	Model Forecast	Summary of Allocations and Model Forecasts
<u>U.S. Equities</u>	61.85%	0.50%	1.00%		Overall Overweight; Overweight Small-Cap Value, Large-Cap Value and Mid-Cap Growth; Underweight Large-Cap Growth, Mid-Cap Value and Small-Cap Growth: Overall, forecasted excess returns to U.S. Equities are little changed from the prior quarter as lower trailing inflation and interest rates mostly offset impacts of richer valuation metrics. Stable expected returns contrast a drop in International Developed expectations, leading us to increase our net U.S. allocation. Within the U.S., relative returns to Large-Cap Value stocks improved on expected reversal of prior year underperformance. Relative expected returns to Small Cap, however, declined following strong fourth quarter performance. Specifically, we have reduced our overweight to Small-Cap Value on lower but still attractive relative value metrics. Additionally, we have increased our underweight to Mid-Cap Value as we believe it is an attractive funding source for our overweight positions in Small- and Large-Cap Value.
Large Cap Value	18.13%	1.00%	2.00%		
Large Cap Growth	26.50%	-0.50%	0.50%		
Mid Cap Value	7.91%	-2.00%	-0.50%		
Mid Cap Growth	5.05%	1.00%	-0.50%		
Small Cap Value	3.69%	2.00%	-0.50%		
Small Cap Growth	0.59%	-1.00%	0.00%		
<u>International Developed</u>	25.28%	-2.50%	-1.00%		Underweight: We have increased our underweight as expected International Developed returns diverged further below the U.S. on richer valuation metrics and lower option implied equity volatility. Flattening in European yield curves relative to the U.S. also contributed to the decline in relative expectations. Specifically, we have increased our underweight to the Growth segment and established a small underweight allocation to Small Cap.
Value	10.84%	-1.00%	0.00%		
Growth	11.15%	-1.00%	-0.50%		
Small Cap	3.29%	-0.50%	-0.50%		
<u>Emerging Markets</u>	12.87%	2.00%	0.00%		Overweight: Emerging Markets maintain a relative value advantage as measured by sales and dividend ratios. Additionally, real debt growth in the segment remains moderate. We, therefore, are maintaining our overweight to Emerging Markets.

Model Forecast Graphs display forecasted Sharpe Ratios for each sector within a range of -1.5 to 1.5. Net of Benchmark weights calculated as of 01.09.2024. Net weights will change over time due to differences in index and portfolio returns and other factors. Forecasted returns generated by Sterling Capital Advisory Solutions' analytics contain a high degree of uncertainty, are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Actual results may vary widely from projections, and may not account for extreme negative scenarios that are not well represented by model estimation samples. All investing is subject to risk, including possible loss of principal.

For illustrative purposes only. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful. Past performance does not guarantee future results.

For institutional and financial professional use only.



Asset Allocation

Commentary

Fixed Income Allocation Summary as of 01.09.2024

	Total Allocation	Net of Benchmark Allocation	Change from Prior Quarter	Model Forecast	Summary of Allocations and Model Forecasts
<u>Expectations vs. U.S. Treasuries¹</u>					
U.S. Aggregate Fixed Income	95.00%	-5.00%	-5.00%		<p>Overweight Short U.S. Government and TIPS, Underweight U.S. Aggregate Fixed Income: Ahead of the fourth quarter rally in Treasury yields, we added interest rate duration back to portfolios by removing our overweight to the Short U.S. Government segment. Subsequently, 5- and 10-year Treasury yields rallied 76 and 71 bps in the fourth quarter, respectively. The rally in interest rates has again brought them well below our analytic estimates of fair value. As a result, we are reestablishing an overweight to Short U.S. Government securities. Additionally, the allocation lowers portfolio sensitivity to credit spread risk, which has become less attractive following the rally lower in credit spreads last quarter. During the fourth quarter, inflation expectations as measured by TIPS breakeven rates also moved lower, pushing TIPS relative return expectations higher and leading us to add a small overweight position. We continue not to allocate to U.S. High Yield and Emerging Markets Debt as tight credit spreads point to low expected risk adjusted returns.</p>
U.S. High Yield	0.00%	0.00%	0.00%		
U.S. TIPS	1.50%	1.50%	1.50%		
International Fixed Income (Hedged)	0.00%	0.00%	0.00%		
Emerging Markets Debt	0.00%	0.00%	0.00%		
<u>U.S. Treasury Bonds</u>					
U.S. Government: Short	3.50%	3.50%	3.50%		
U.S. Government Intermediate	0.00%	0.00%	0.00%		
U.S. Government: Long	0.00%	0.00%	0.00%		
<u>Total U.S. Aggregate Fixed Income²</u>					

¹Model forecasts in this section are based on expected risk and return after controlling for and excluding the expected impact of changes in U.S. Treasury Yields on returns. U.S. Treasury Yield exposure (Duration) is measured and managed at the portfolio level and thus, excluded from consideration at the individual asset class level. The U.S. Government Bond asset classes can be utilized to manage duration to target levels.

²The Total U.S. Aggregate Fixed Income model forecast is inclusive of the expected impact of changes in U.S. Treasury Yields on returns.

Model Forecast Graphs display forecasted Sharpe Ratios for each sector within a range of -1.5 to 1.5. Net of Benchmark weights calculated as of 01.09.2024. Net weights will change over time due to differences in index and portfolio returns and other factors. Forecasted returns generated by Sterling Capital Advisory Solutions' analytics contain a high degree of uncertainty, are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Actual results may vary widely from projections, and may not account for extreme negative scenarios that are not well represented by model estimation samples. All investing is subject to risk, including possible loss of principal.

For illustrative purposes only. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful. Past performance does not guarantee future results.



Sterling Capital Advisory Solutions Monthly Update

January 2024

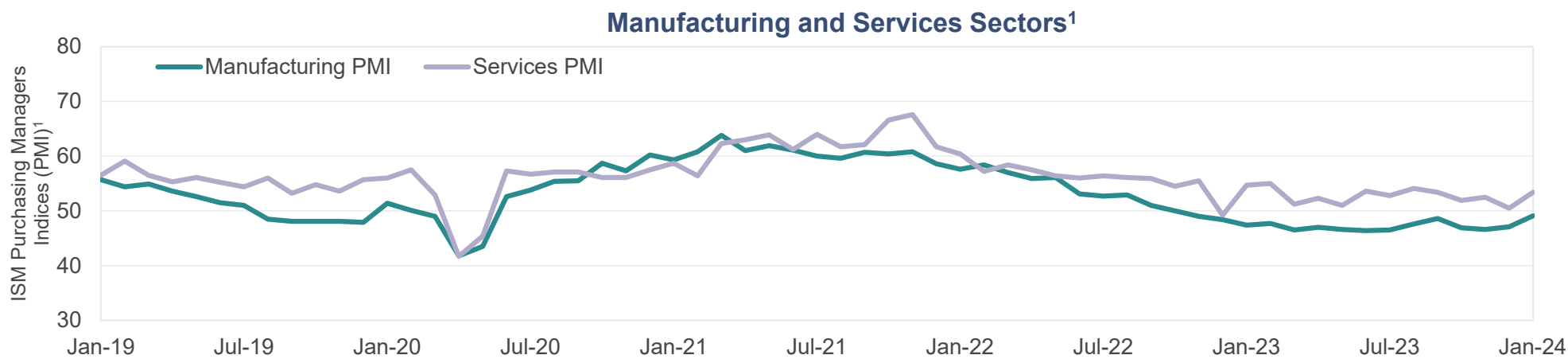
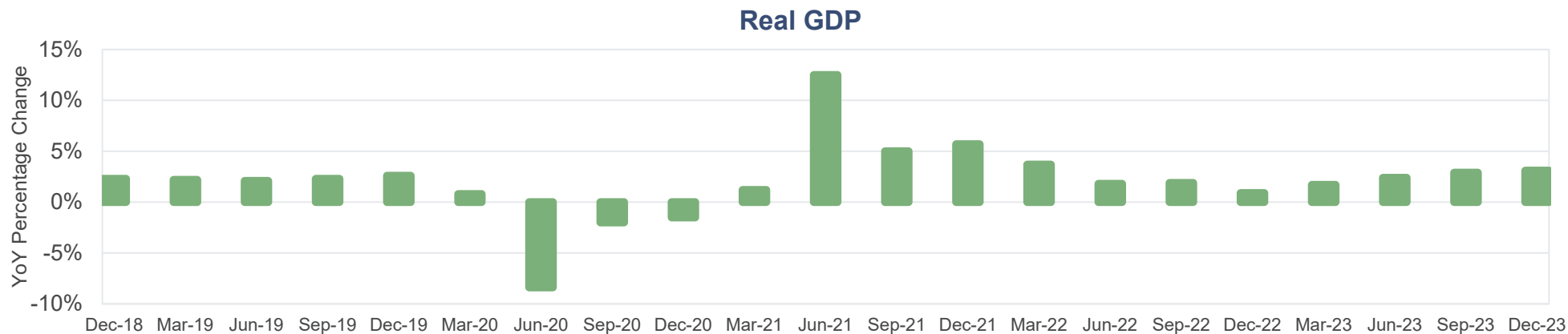
Asset Allocation Update	
<ul style="list-style-type: none"> We recommend a neutral weight to global equities versus fixed income. Within the equity allocation, we recommend an overweight to emerging markets and underweight to international developed equities. Within the fixed income allocation, we recommend overweight positions in the Short U.S. Government and U.S. TIPS segments. 	
Equity Market Highlights	Fixed Income Market Highlights
<ul style="list-style-type: none"> Positive takeaways from the December Federal Open Market Committee (FOMC) Meeting, which signaled rate cuts in 2024, helped global equities rally in December, with the MSCI ACWI IMI Index rising 5.25% to close out 2023. Value outperformed growth during the month (MSCI ACWI Value +5.39% vs. MSCI ACWI Value +4.24%). Industrials was the top-performing sector during December, while energy underperformed. Emerging markets trailed developed markets during the month (MSCI World IMI +5.40% vs. MSCI EM IMI +3.98%), with continued relative weakness in China offsetting strong gains in South Korea, Taiwan, and Brazil. In 2023, U.S. Large Blend active managers generally struggled to outperform relative to their passive counterparts, as mega-cap index constituents, which many active managers are underweight, generated outsized returns. U.S. Mid-Cap Value was the only category that posted outperformance during the year. On a rolling five-year basis, U.S. growth outperformance relative to value fell from the previous month. Growth's 2023 outperformance was partially driven artificial intelligence exuberance and peak inflation/interest rate hopes. 	<ul style="list-style-type: none"> The broad market, as represented by the Bloomberg U.S. Aggregate Bond Index, returned 3.83% for the month of December. This comes following November's return of 4.53% which was the best monthly return since May 1985. The top performer for December was Agency Mortgage-Backed Securities (MBS), up 4.31%, bringing its calendar year return to 5.05%. The market was largely positive with Treasury Inflation Protected Securities (TIPS) producing the lowest return, although still positive at 2.69%. For the calendar year, High Yield was the best-performing sector, up 13.45%, followed by Emerging Market Debt (+9.09%) and U.S. Credit (+8.18%). TIPS produced the lowest returns for the year (+3.90%). Following declines in November, 10-year yields continued to fall in December in select countries. Yields in the U.K. declined by 67 basis points (bps), followed by France (53 bps), Italy (51 bps) and Germany (48 bps). The yield on the 10-year U.S. Treasury declined by 48 bps from 4.36% to 3.88%. For the calendar year, 10-year rates were lower overseas but unchanged domestically. For the second consecutive month, Municipal/Treasury ratios moved lower in December as all ratios fell by more than 1% (following a move lower by more than 10% in November). All ratios remain below their five-year average.

Stock Indices YTD		Bond Indices YTD		Other Indices YTD		U.S. Treasury Yields		Rates/Commodities	
MSCI ACWI IMI	21.58%	Bloomberg US Aggregate	5.53%	US Fund Multialternative	6.51%	6-month	5.26%	Prime Rate	8.50%
Russell 3000	25.96%	Bloomberg Gbl Treas xUS Hdg	7.99%	DJ Equity All REIT	11.30%	1-year	4.78%	LIBOR (3 Mo)	5.59%
S&P 500	26.29%	Bloomberg US TIPS	3.90%	Bloomberg Commodity	-7.91%	3-year	4.01%	Oil Price (\$/barrel)	\$71.65
MSCI EAFE	18.24%	Bloomberg US High Yield	13.45%			5-year	3.85%	Gold (\$/t oz)	\$2,062.97
MSCI EM	9.83%	Bloomberg EM Aggregate	9.09%			10-year	3.88%		
						30-year	4.03%		

Data is as of 12.31.2023. Sources: Morningstar; FactSet; Russell Investments; Bloomberg L.P.; U.S. Department of Treasury. Asset allocation and diversification do not assure a profit or protect against loss in declining financial markets. For illustrative purposes only. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful. Past performance is no guarantee of future results.



Economic Resilience

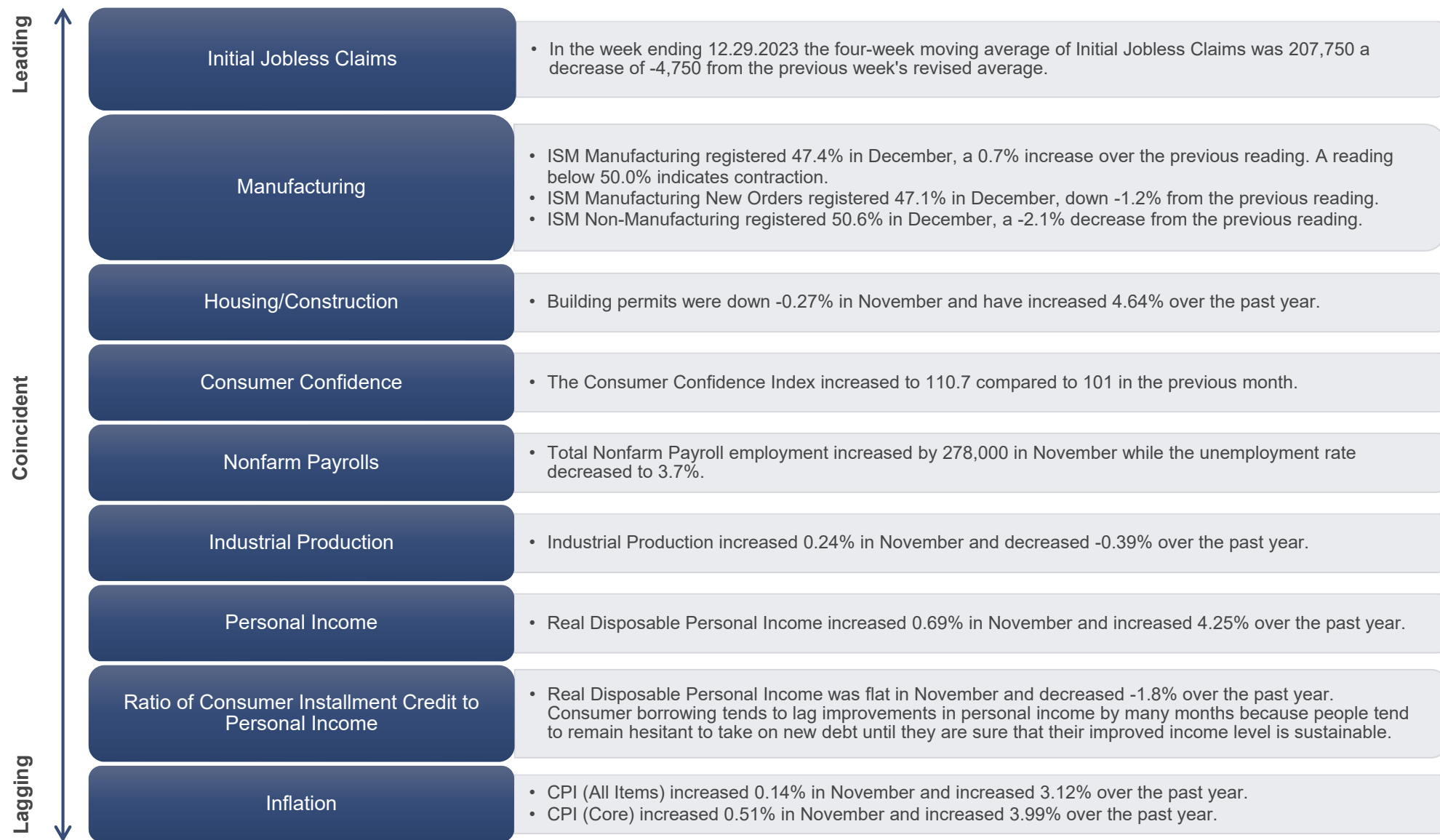


- The economy has outperformed expectations this year and is poised to accelerate further as both ISM indexes indicate stronger economic activity.
- Ongoing economic strength risks further monetary policy tightening later or a longer hold at peak fed funds relative to current market expectations.

Data for top chart is as of 12.31.2023. Source: Bureau for Economic Analysis. All data for bottom chart is as of 01.31.2024. Source: Institute for Supply Management (ISM). ¹The ISM Manufacturing Index (Manufacturing PMI) indicates the level of demand for products by measuring the amount of ordering activity at the nation's factories. The ISM Services Index The ISM Non-Manufacturing Index (Services PMI) measures business activity for the overall economy; above 50 indicating growth, while below 50 indicating contraction. Definitions are sourced from Investopedia. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.



U.S. Economic Indicators

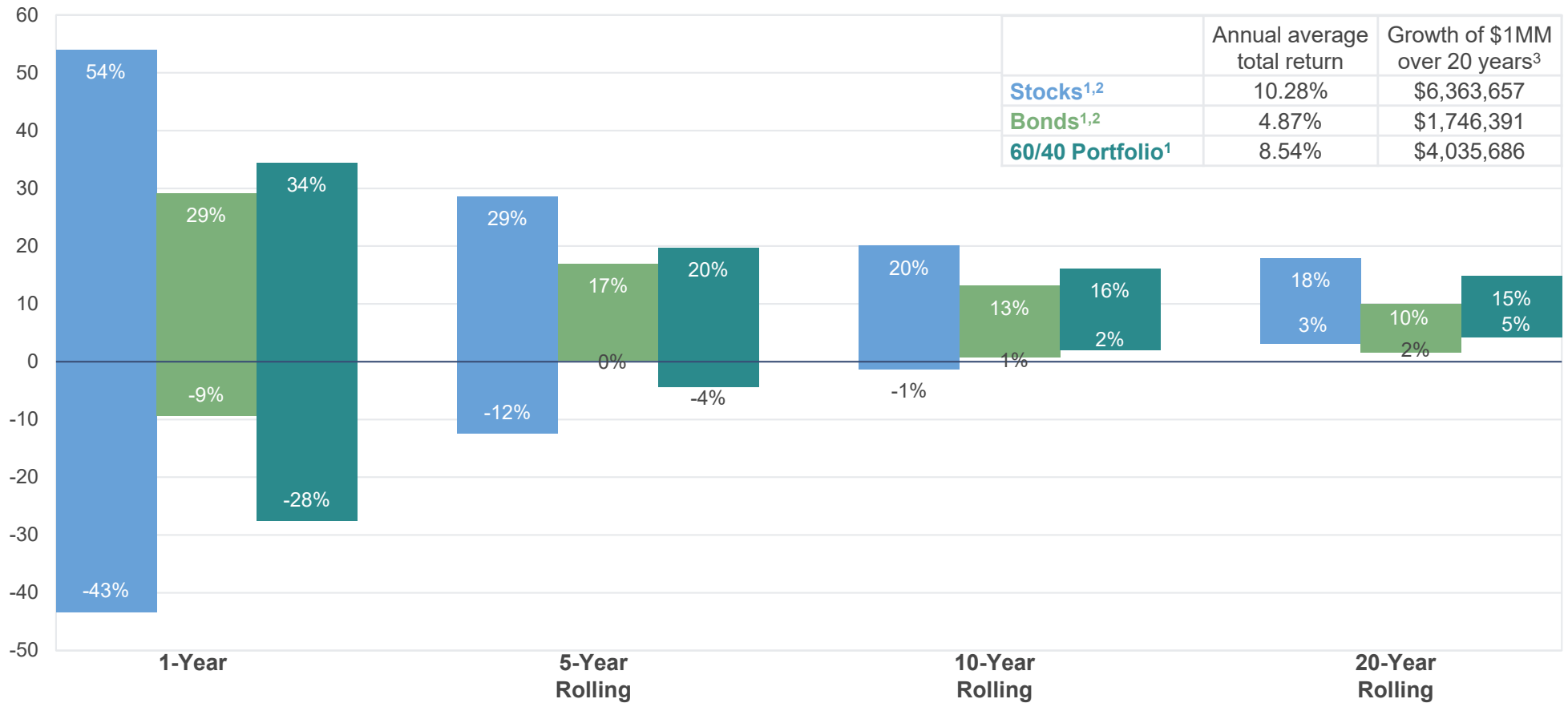


Source: Factset. For illustrative purposes only. Past performance is no guarantee of future results.

Maintaining a Long-Term Perspective

Time, Diversification, and the Volatility of Returns

Range of stock, bond, and blended total returns Annual total returns, 1926-2023



¹The performance shown does not represent actual trading by Sterling Capital Management, but represents returns based on IA SBBI[®] constituent securities. Performance reflects the reinvestment of interest income and dividends and realized capital gains. The 60/40 Portfolio is made up of 60% stocks and 40% bonds. ²Stocks represent the IA SBBI[®] U.S. Large Stock Index and Bonds represent the IA SBBI[®] U.S. Intermediate Government Index. ³The growth of \$1MM is based on returns from 2003-2023.

Data is as of 12.31.2023. Source: Morningstar Direct. Returns shown are based on calendar year returns from 1926-2023. This chart is for illustrative and educational purposes only and does not represent the performance of any Sterling Capital strategies. Market conditions vary from year to year and can result in a decline in market value due to material market or economic conditions. Returns for periods greater than one year are annualized. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful. Past performance is not indicative of future results.



Appendix

Important Information

Designations

The **Accredited Asset Management Specialist® (AAMS)** is a professional designation awarded by the College for Financial Planning (CFP) to financial professionals who successfully complete a self-study program, pass an exam, and agree to comply with a code of ethics. To keep the privileges associated with the designation, AAMS professionals must complete 16 hours of continuing education every two years.

The **Associate of the Society of Actuaries (ASA)** is a professional organization for actuaries based in North America. The Society's vision is for actuaries to be recognized as the leading professionals in the modeling and management of financial risk and contingent events. Requirements for membership for the SOA include the actuarial exams, a comprehensive series of competitive exams. Topics covered in the exams include mathematics, finance, insurance, economics, interest theory, life models, and actuarial science.

The **Certified Financial Planner® (CFP)** certification is a graduate-level credential awarded by the CFP Board. To earn the CFP, candidates must: 1) take the required coursework; 2) meet educational requirements; 3) pass the examination; 4) have qualifying experience; and 5) agree to adhere to the CFP Board's standards of ethics and professional conduct.

The **Certified Investment Management Analyst® (CIMA)** credential is a graduate-level investment certification and is awarded by the Investment Management Consultants Association® (IMCA) - that sets global standards for the investment management consulting profession. To earn the CIMA designation, candidates must: 1) have at least three years of qualified financial experience; 2) Pass an extensive background check; 3) complete the two-step program of study; 4) pass the qualification and certification examinations; and 5) adhere to the IMCA's Ethics and other ongoing standards.

The **Certificate in Investment Performance Measurement® (CIPM)** program is a graduate-level investment performance and risk evaluation credential and is awarded by CFA Institute — the largest global association of investment professionals. To earn the CIPM, candidates must: 1) pass two sequential examinations; 2) have at least two years of qualified professional investment experience; 3) join CIPM Association; and 4) commit to comply with the CFA Institute Bylaws and Rules of Procedure.

The **Certified Public Accountant Licensure (CPA)** is a graduate-level accounting license and is awarded by the American Institute of CPAs (AICPA). To earn the CPA licensure, candidates must: 1) have at least two years of public accounting experience; and 2) pass the examination. Please note, every state has its own education and experience requirements that must be met.

The **Certified Regulatory and Compliance Professional™ (CRCP)** designation is a graduate-level compliance certification and is awarded by the Financial Industry Regulatory Authority (FINRA). To earn the CRCP designation, candidates must: 1) pass two weeklong residential courses; 2) pass the two consecutive examinations; and 3) meet continuing education requirements.

The **Certified Treasury Professional® (CTP)** designation is recognized as the leading credential in corporate treasury worldwide and awarded by the Association for Financial Professionals® (AFP). To earn the CTP designation, candidates must: 1) pass the examination, 2) have at least two years of qualified work/education/teaching experience, and 3) meet continuing requirements.

The **Chartered Alternative Investment Analyst® (CAIA)** charter is a graduate-level alternative investment credential awarded by the CAIA Association - a global provider of Alternative Investment education. To earn the CAIA, candidates must: 1) pass two sequential examinations.

The **Chartered Financial Analyst® (CFA)** charter is a graduate-level investment credential awarded by the 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.

The **Chartered Financial Consultant® (ChFC)** credential was introduced in 1982 as an alternative to the CFP® mark. This designation has the same core curriculum as the CFP® **designation**, plus two or three additional elective courses that focus on various areas of personal financial planning. To secure the designation, applicants must have three years of full-time business experience within the preceding five years and must complete nine college-level courses, equivalent to 27 semester credit hours (9 courses).

The **Chartered Retirement Planning Counselor® (CRPC)** designation is a retirement planning credential and is awarded by the College for Financial Planning. To earn the CRPC, candidates must: 1) complete the educational program; 2) pass the final examination; 3) complete the designation application.

The **Certified Trust and Fiduciary Advisor (CTFA)** designation is a professional designation offered by the American Bankers Association (ABA), which provides training and knowledge in taxes, investments, financial planning, trusts, and estates.

The **Accredited Investment Fiduciary® (AIF®)** designation is a professional certification that demonstrates an advisor or other person serving as an investment fiduciary has met certain requirements to earn and maintain the credential. The purpose of the AIF® Designation is to assure that those responsible for managing or advising on investor assets have a fundamental understanding of the principles of fiduciary duty, the standards of conduct for acting as a fiduciary, and a process for carrying out fiduciary responsibility

Important Information

Indices

The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index.

The **MSCI ACWI Investable Market Index (IMI)** captures large, mid and small cap representation across 23 Developed Markets (DM) and 26 Emerging Markets (EM) countries. With 8,768 constituents, the index is comprehensive, covering approximately 99% of the global equity investment opportunity set. DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the U.K. and the U.S. EM countries include: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

The **MSCI ACWI ex-USA Investable Market Index (IMI)** captures large, mid and small cap representation across 22 of 23 Developed Markets (DM) countries (excluding the United States) and 26 Emerging Markets (EM) countries.

The **MSCI Emerging Markets Investable Market Index (IMI)** captures large, mid and small cap representation across 24 Emerging Markets (EM) countries. With 3,165 constituents, the index covers approximately 99% of the free float-adjusted market capitalization in each country.

The **MSCI World ex-USA Investable Market Index (IMI)** captures large, mid and small cap representation across 22 of 23 Developed Markets (DM) countries--excluding the United States. With 3,540 constituents, the index covers approximately 99% of the free float-adjusted market capitalization in each country.

The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

The **MSCI ACWI Value Index** captures large and mid cap securities exhibiting overall value style characteristics across 23 Developed Markets countries and 24 Emerging Markets (EM) countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.

The **MSCI ACWI Growth Index** captures large and mid cap securities exhibiting overall growth style characteristics across 23 Developed Markets (DM) countries and 24 Emerging Markets (EM) countries. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.

The **MSCI ACWI Small Cap Index** captures small cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. With 6,256 constituents, the index covers about 14% of the free float-adjusted market capitalization in each country.

The **MSCI ACWI ex-USA Growth Index** captures large and mid-cap securities exhibiting overall growth style characteristics across 22 Developed Markets (DM) countries and 26 Emerging Markets (EM) countries.

The **MSCI ACWI ex USA Value Index** captures large and mid cap securities exhibiting overall value style characteristics across 22 Developed and 24 Emerging Markets countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.

The **Russell 3000 Index** measures the performance of the 3,000 largest U.S. companies based on total market capitalization.

The **Russell 3000® Growth Index** is a market capitalization-weighted index based on the Russell 3000 index. The Russell 3000 Growth Index includes companies that display signs of above-average growth. The index is used to provide a gauge of the performance of growth stocks in the United States.

The **Russell 3000® Value Index** is a market-capitalization weighted equity index maintained by the Russell Investment Group and based on the Russell 3000 Index, which measures how U.S. stocks in the equity value segment perform. Included in the Russell 3000 Value Index are stocks from the Russell 3000 Index with lower price-to-book ratios and lower expected growth rates.

The **Russell 2000® Value Index** measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000® Value Index is constructed to provide a comprehensive and unbiased barometer for the small-cap value segment. The index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect value characteristics.

The **Russell Top 200® Growth Index** offers measures the performance of the especially large cap segment of the U.S. equity universe represented by stocks in the largest 200 by market cap. It includes Russell Top 200® Index companies with higher growth earning potential as defined by Russell's leading style methodology.

Important Information

Indices & Disclosures

The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index.

The Bloomberg Emerging Markets Hard Currency Aggregate Index is a flagship hard currency Emerging Markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

The Bloomberg Global Treasury ex US Index is a subset of the flagship Global Treasury Index that does not have any exposure to US debt. This multi-currency benchmark includes investment grade, fixed-rate bonds issued by governments in their native currencies.

The Bloomberg U.S. Aggregate Bond Index is an unmanaged index composed of securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. It is not possible to invest in the Bloomberg U.S. Aggregate Bond Index, which is unmanaged and does not incur fees and charges.

The Bloomberg U.S. Corporate High Yield Index measures the U.S. corporate market of non-investment grade, fixed-rate corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below.

The Bloomberg U.S. Treasury Inflation-Linked Bond Index (Series-L) measures the performance of the U.S. Treasury Inflation Protected Securities (TIPS) market. Federal Reserve holdings of U.S. TIPS are not index eligible and are excluded from the face amount outstanding of each bond in the index.

"Bloomberg®" and the Bloomberg indices are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by Sterling Capital Management LLC and its affiliates. Bloomberg is not affiliated with Sterling Capital Management LLC or its affiliates, and Bloomberg does not approve, endorse, review, or recommend the product(s) presented herein. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the product(s) presented herein.

The MSCI ACWI Investable Market Index (IMI) captures large, mid and small cap representation across 23 Developed Markets (DM) and 26 Emerging Markets (EM) countries. With 8,768 constituents, the index is comprehensive, covering approximately 99% of the global equity investment opportunity set. DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the U.K. and the U.S. EM countries include: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

The MSCI World ex USA Investable Market Index (IMI) captures large, mid and small cap representation across 22 of 23 Developed Markets (DM) countries excluding the United States. With 3,490 constituents, the index covers approximately 99% of the free float-adjusted market capitalization in each country.

The MSCI World ex USA Large Cap Index captures large cap representation across 22 of 23 Developed Markets (DM) countries excluding the United States. With 411 constituents, the index covers approximately 70% of the free float-adjusted market capitalization in each country.

The MSCI World ex-USA Small Cap Index captures small cap representation across 22 of 23 Developed Markets (DM) countries (excluding the United States). With 2,529 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country.

The Russell 2000® Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000® companies with higher price-to-value ratios and higher forecasted growth values. The Russell 2000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the small-cap growth segment. The index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect growth characteristics.

lsm manufacturing index

Important Information

Indices & Disclosures

The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index.

The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

The Russell 2000® Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000® Value Index is constructed to provide a comprehensive and unbiased barometer for the small-cap value segment. The index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect value characteristics.

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. The Russell 3000® Index is constructed to provide a comprehensive, unbiased and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are included.

The Russell Midcap® Growth Index measures the performance of the midcap growth segment of the U.S. equity universe. It includes those Russell Midcap® Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell Midcap® Growth Index is constructed to provide a comprehensive and unbiased barometer of the mid-cap growth market. The index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap growth market.

The Russell Midcap® Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap® Index is a subset of the Russell 1000® Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap® Index represents approximately 31% of the total market capitalization of the Russell 1000® companies. The Russell Midcap® Index is constructed to provide a comprehensive and unbiased barometer for the mid-cap segment. The index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap opportunity set.

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 Russell Midcap® Value Index is constructed to provide a comprehensive and unbiased barometer of the mid-cap value market. The index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true midcap value market.

The Russell Top 200® Growth Index measures the performance of the especially large cap segment of the U.S. equity universe represented by stocks in the largest 200 by market cap. It includes Russell Top 200® Index companies with higher growth earning potential as defined by Russell's leading style methodology.

The Russell Top 200® Index is an index of the largest 200 companies in the Russell 3000 index. It is commonly used as a benchmark index for U.S.-based ultra large-cap (mega-cap) stocks with the average member commanding a market capitalization of upwards of \$200 billion.

The Russell Top 200® Value Index measures the performance of the especially large cap segment of the US equity universe represented by stocks in the largest 200 by market cap that exhibit value characteristics. It includes Russell Top 200® companies that are considered more value oriented relative to the overall market as defined by Russell's leading style methodology.

Important Information

Indices

A Note on Indices: The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index.

The **Bloomberg U.S. Aggregate Bond Index** is an unmanaged index composed of securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. It is not possible to invest in the Bloomberg U.S. Aggregate Bond Index, which is unmanaged and does not incur fees and charges.

The **Bloomberg U.S. Treasury Index** measures the public obligations of the U.S. Treasury with a remaining maturity of one year or more. Securities must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, Fitch.

The **Bloomberg U.S. Corporate Bond Index** measures the investment-grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers. The U.S. Corporate Index is a component of the U.S. Credit and U.S. Aggregate Indices, and provided the necessary inclusion rules are met, U.S. Corporate Index securities also contribute to the multi-currency Global Aggregate Index.

The **Bloomberg U.S. Corporate High Yield Bond Index** measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below.

The **Bloomberg U.S. Securitized Index** is comprised of predominantly MBS Agency securities, but also includes ABS, CMBS and covered securities. Bloomberg U.S. Treasury Strips 20+ Year Index tracks the performance of zero coupon U.S. Treasuries with a duration of 20 years or more.

The **Bloomberg Global Treasury ex US Index** is a subset of the flagship Global Treasury Index that does not have any exposure to US debt. This multi-currency benchmark includes investment grade, fixed-rate bonds issued by governments in their native currencies.

The **Bloomberg Emerging Markets Aggregate Index** is a flagship hard currency Emerging Markets debt benchmark that includes fixed and floating-rate US dollar-denominated debt issued from sovereign, quasi-sovereign, and corporate EM issuers.

The **Bloomberg 1-3 Year U.S. Government/Credit Bond Index** is an unmanaged index composed of securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities. It is not possible to invest in the Bloomberg 1-3 Year U.S. Government/Credit Bond Index, which is unmanaged and does not incur fees and charges.

The **Bloomberg U.S. Intermediate Government/Credit Bond Index** measures the performance of U.S. Dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years.

The **Bloomberg Municipal Bond Index** is an unmanaged index considered representative of the tax-exempt bond market.

The **ICE Bank of America 2-17 Year Municipal Bond Index** is an unmanaged index composed of securities that are SEC-registered, tax-exempt, and dollar denominated. The index covers the intermediate U.S. investment grade fixed rate municipal bond market, with index components for municipal securities. It is not possible to invest in the Bank of America 2-17 Year Municipal Bond Index, which is unmanaged and does not incur fees and charges.

The **Credit Suisse Leveraged Loan Index** is a market-weighted index that tracks the performance of institutional leveraged loans. The index is calculated on a total return basis with dividends reinvested.

Bloomberg L.P. Information: "Bloomberg®" and the Bloomberg indices are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by Sterling Capital Management LLC and its affiliates. Bloomberg is not affiliated with Sterling Capital Management LLC or its affiliates, and Bloomberg does not approve, endorse, review, or recommend the product(s) presented herein. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the product(s) presented herein.

