

# 1Q24 Review



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# Sterling Capital Management

Providing Investment Expertise Since 1970

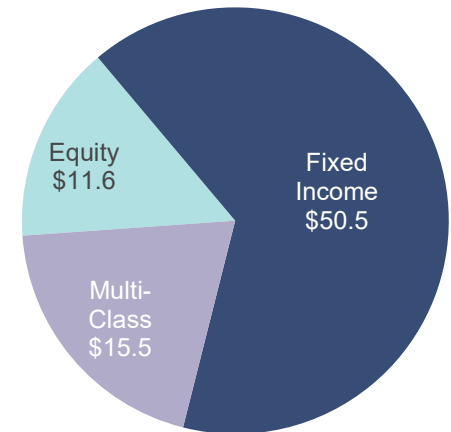
## The Firm

- Institutional investment advisor headquartered in Charlotte with additional offices in Raleigh, Virginia Beach, Jupiter, FL, Philadelphia & San Francisco
- \$77 Billion in Assets Under Management and Assets Under Advisement<sup>1</sup>

## The People

- 179 seasoned investment professionals, client service and administrative teammates
- Highly-motivated personnel with varied experience to act as subject matter experts:
  - 51 CFA<sup>®</sup> designees in the firm<sup>2</sup>
  - Independent fundamental equity and credit research
  - Quantitative proprietary risk modeling

Total Assets (\$Billions)



44 Portfolio Managers ▪ 20 Investment Analysts ▪ 5 Traders ▪ 26 Client Strategists ▪ 13 Client Analysts ▪ 49 Operations & IT ▪ 8 Compliance & Risk ▪ 14 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	16 Years
Traders	23 Years
Client Strategists	22 Years

Data is as of 03.31.2024. <sup>1</sup>Sterling 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. <sup>2</sup>The Chartered Financial Analyst<sup>®</sup> (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 (12/31/23)	\$47,064,104
Net Capital Contributions	(442,515)
Quarter Investment Return	2,309,673
Ending Market Value (3/31/24)	\$48,931,262

## Performance

	1 Month Ending 3/31/24	3 Months Ending 3/31/24	1 Year Ending 3/31/24	Annualized		
				3 Years Ending 3/31/24	5 Years Ending 3/31/24	Since Inception* (12/31/16)
Portfolio - Net	2.41%	4.99%	15.50%	3.24%	7.64%	8.04%
70% MSCI ACWI IMI / 30% BBg Barclays U.S. Agg Bond Index**	2.45	5.09	15.91	3.75	7.68	7.88

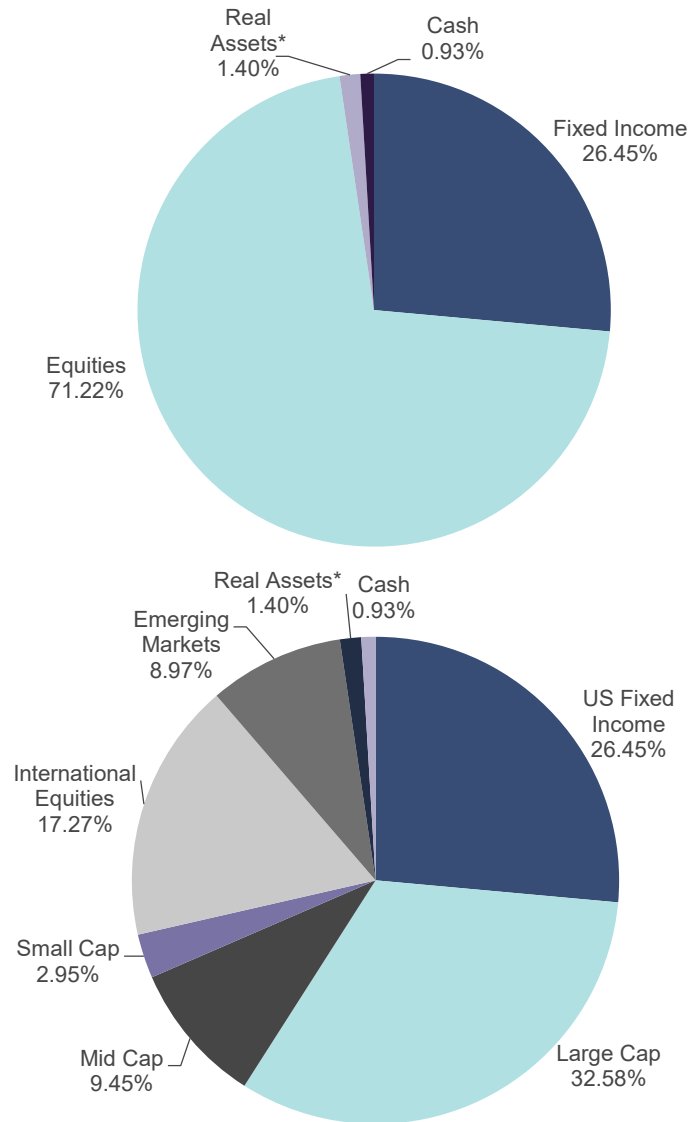
\*Since Inception performance as of 03.31.24.

\*\*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	6.39%	0.35%	20.77%
Vanguard S&P 500 ETF	16.27%	0.03%	29.85%
Loomis Sayles – LCG	9.92%	0.35%	40.24%
Touchstone Mid Cap Value Fund	5.67%	0.86%	16.86%
Touchstone Mid Cap Growth Fund	3.78%	0.79%	27.37%
Hotchkis & Wiley Small Cap Diversified Value	2.52%	0.77%	17.18%
Federated MDT Small Cap Growth Fund	0.43%	0.88%	18.85%
Causeway International Value ADR	5.51%	0.35%	15.35%
iShares Core MSCI Intl Developed ETF	3.87%	0.04%	14.53%
Harding Loevner – Intl ADR	5.67%	0.35%	10.37%
Allspring International Small Cap ETF	2.23%	0.96%	3.71%
Principal Origin Emerging Markets Fund	3.40%	1.00%	8.62%
iShares Core MSCI Emerging Markets ETF	2.20%	0.09%	9.12%
Victory Sophus Emerging Markets Fund	3.37%	0.89%	10.72%
<b>Total Equities</b>	<b>71.22%</b>		
Sterling Capital Funds Total Return R6	7.28%	0.36%	2.32%
Guggenheim Total Return Bond I	5.53%	0.62%	3.31%
Hartford Total Return Bond ETF	4.56%	0.29%	3.67%
Neuberger Berman Strategic Income I	2.53%	0.61%	6.80%
PIMCO Real Return Instl	0.40%	0.67%	7.73%
Vanguard Short-Term Treasury Index	0.92%	0.04%	2.85%
Prudential Total Return Bond Z	5.23%	0.39%	4.61%
<b>Total Fixed Income</b>	<b>26.45%</b>		
<b>Real Assets*</b>	<b>1.40%</b>		
<b>Cash</b>	<b>0.93%</b>		
<b>Total</b>	<b>100.00%</b>	<b>0.41%</b>	<b>15.50%</b>

Sources: Sawtooth, Morningstar, Sterling Capital Analytics.

\*MA Real Assets Fund data as of 12.31.23 all other data as of 03.31.24.



# Asset Allocation

## Summary Outlook

### Economic and Market Comments

In the first quarter, Global Equities responded positively to continued economic resilience despite Federal Reserve (Fed) policy tightening in the prior year. Fixed Income returns, however, were negative as continued economic strength and upside inflation surprises pushed Treasury yields higher. The move higher in rates was only partially offset by strong credit market performance as investment grade spreads continued to move tighter. Looking ahead, our Global Equity return forecast has declined due to richer valuation metrics. Additionally, the low level of the VIX Index is suggestive of compressed equity risk premiums and contributes to our negative forecast. Expected excess returns to Fixed Income have improved but remain negative following the rise in Treasury yields. Treasury yields remain well below fair value levels, as measured by our analytics, and tight credit spreads point to low credit risk premiums. While projected excess returns are challenged across markets, Global Equity forecasted returns have now moved below Fixed Income. Given the poor tactical outlook, we have positioned portfolios more conservatively, moving to an underweight to Global Equities versus Fixed Income. Within Fixed Income, we remain conservatively positioned with below benchmark exposure to both interest rate and credit spread risk.

### Global Equity Positioning

Forecasted returns to U.S Equities have declined due to less attractive valuation metrics following price increases. Additionally, the low level of the VIX Index points to low U.S. equity risk premiums. Emerging Market (EM) return forecasts have also declined as return momentum and debt-to-market ratio, newly-added metrics in our analytics, are contributing negatively to the forecast. The International Developed forecast, however, has improved mildly from the prior quarter largely due to an improved forecast for European equities. The improved International Developed forecast combined with lower U.S. and EM forecasts leads us to move to an overweight position in International Developed and underweight positions in the U.S. and EM.

### Fixed Income Positioning

While Treasury yields rose across the curve in the first quarter, yields remain below our estimates of fair value. In addition, expected returns for taking spread risk in U.S. Fixed Income are low due to tight credit spreads which declined further in the first quarter. We remain overweight Short U.S. Government securities to reduce portfolio exposure to potential increases in interest rates and credit spreads. Our TIPS excess return forecast remains positive but has declined following strong first quarter performance in which breakeven inflation rates rose. As a result, we have reduced our overweight to TIPS.

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# Portfolio Positioning

## Manager Additions/Removals 1Q24

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



# Asset Allocation

## Commentary

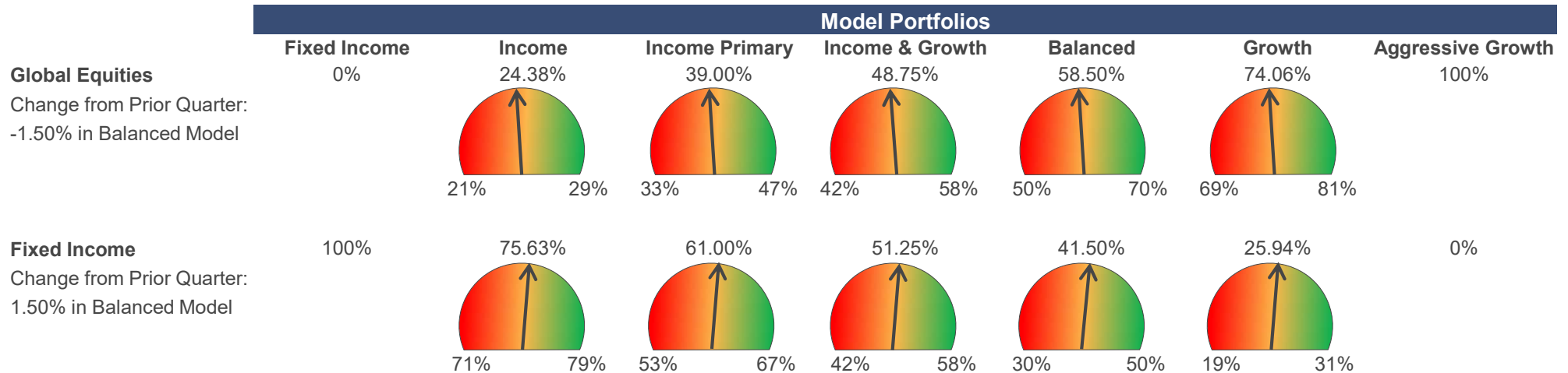
### Global Equity/Fixed Income Allocations Across Model Portfolios as of 04.08.2024

**Underweight Global Equities vs. Fixed Income:** Global Equity and Fixed Income performance diverged in the first quarter. Global Equities responded positively to an economy that remained resilient following significant tightening of monetary policy. Fixed Income, however, produced negative returns in the first quarter, as measured by the Bloomberg U.S. Aggregate Index, as economic strength and stubborn inflation raised doubts about how soon and to what degree the Fed can lower short-term interest rates. U.S. Treasury yields rose across the curve with the 10-year rate increasing 32 basis points (bps) in the first quarter. Returns for taking credit risk, however, remained positive as U.S. investment grade corporate bond spreads continued to decline, ending the quarter at only 90 bps. Looking forward, our analytics forecast negative excess returns to Global Equities over the next twelve months. Equity price increases have resulted in richer equity valuations, bringing forecasted returns lower. The low level of the VIX Index is also suggestive of compressed equity risk premiums and contributes to our negative forecast. Expected excess returns to Fixed Income have improved but remain negative following the rise in Treasury yields. Treasury yields remain well below our fair value estimates, and we also forecast poor returns for taking credit spread risk given the current low level of spreads. While projected excess returns are challenged across markets, Global Equity expectations have now moved below Fixed Income. Given the poor tactical outlook, we have positioned portfolios more conservatively, moving to an underweight to Global Equities versus Fixed Income. Additionally, within Fixed Income, we remain conservatively positioned with below-benchmark exposure to both interest rate and credit spread risk. In total, updated allocations modestly reduce portfolio risk but remain consistent with strategic benchmarks, reflecting our focus on adhering to long-run strategies through investment cycles.

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.

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# Asset Allocation

## Commentary

### Global Equity Allocation Summary as of 04.08.2024

	Total Allocation	Net of Benchmark Allocation	Change from Prior Quarter	Model Forecast	Summary of Allocations and Model Forecasts
<u>U.S. Equities</u>	62.00%	-0.50%	-1.00%		<p><b>Overall Underweight; Overweight Small-Cap Value and Mid-Cap Growth; Underweight Large-Cap Growth, Mid-Cap Value and Small-Cap Growth:</b> Overall, forecasted excess returns to U.S. Equities have turned negative due to less attractive valuation metrics following price increases. Additionally, the low level of the VIX Index, a new addition to our U.S. forecast analytics, points to low U.S. equity risk premiums. Within the U.S., we are overweight the Mid-Cap Growth segment, versus underweights in Large- and Small-Cap Growth. Mid-Cap Growth benefits from relatively strong free cash flow (FCF) yield versus Large-Cap Growth, while Small-Cap Growth expectations are hindered by low relative net margins. We are also underweight Mid-Cap Value versus overweights in Large- and Small-Cap Value. Negative return momentum and below-average relative value metrics are contributing negatively to our Mid-Cap Value forecast.</p>
Large Cap Value	17.45%	0.50%	-0.50%		
Large Cap Growth	27.33%	-1.00%	-0.50%		
Mid Cap Value	7.90%	-2.00%	0.00%		
Mid Cap Growth	5.86%	1.75%	0.75%		
Small Cap Value	2.85%	1.25%	-0.75%		
Small Cap Growth	0.61%	-1.00%	0.00%		
<u>International Developed</u>	28.49%	1.50%	4.00%		<p><b>Overweight:</b> Expected excess returns improved slightly over the prior quarter primarily due to improvements in the forecast for Europe. While still lagging other regions, the forecast improved on more positive European yield curve slope measures relative to the U.S. With declines in the U.S. and Emerging Markets forecasts, International Developed expectations are now relatively attractive. We have small overweights to all underlying segments, with the largest overweight in Small Cap, which benefits from a relatively high sales-to-firm value ratio in Europe.</p>
Value	11.74%	0.50%	1.50%		
Growth	12.36%	0.25%	1.25%		
Small Cap	4.40%	0.75%	1.25%		
<u>Emerging Markets</u>	9.51%	-1.00%	-3.00%		<p><b>Underweight:</b> While relative value metrics such as earnings and dividend yields remain attractive, the Emerging Markets excess return forecast has declined in part due to analytic enhancements over the past quarter. Specifically, newly-added return momentum and debt-to-market metrics are contributing negatively to the Emerging Markets excess return forecast.</p>

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 04.08.2024. 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.

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# Asset Allocation

## Commentary

### Fixed Income Allocation Summary as of 04.08.2024

	Total Allocation	Net of Benchmark Allocation	Change from Prior Quarter	Model Forecast	Summary of Allocations and Model Forecasts
<u>Expectations vs. U.S. Treasuries<sup>1</sup></u>					
U.S. Aggregate Fixed Income	95.50%	-4.50%	0.50%		<b>Overweight Short U.S. Government and TIPS, Underweight U.S. Aggregate Fixed Income:</b> While Treasury yields rose across the curve in the first quarter, yields remain below our estimates of fair value, largely due to various trailing inflation metrics that are usually associated with higher yields. In addition, expected returns for taking spread risk in U.S. Fixed Income are low due to tight credit spreads which declined further in the first quarter. Our overweight to Short U.S. Government securities leaves portfolios less exposed than benchmarks to increases in interest rates and credit spreads. Our TIPS excess return forecast remains positive but has declined following strong first quarter performance in which breakeven inflation rates rose. As a result, we have reduced our overweight to TIPS.
U.S. High Yield	0.00%	0.00%	0.00%		
U.S. TIPS	1.00%	1.00%	-0.50%		
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%	0.00%		
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 Income<sup>2</sup></u>					

<sup>1</sup>Model 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.

<sup>2</sup>The 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 04.08.2024. 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.

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# Sterling Capital Advisory Solutions Monthly Update

April 2024

## Asset Allocation Update

- We recommend an underweight to Global Equities versus Fixed Income.
- Within the equity allocation, we recommend an overweight to International Developed equities and underweights to U.S. and Emerging Market equities.
- Within the fixed income allocation, we recommend overweight positions in the Short U.S. Government and U.S. TIPS segments.

## Equity Market Highlights

- Global equities rose for the fifth consecutive month in March (MSCI ACWI IMI Index +3.16%), with value leading the market higher after growth outperformed in the first two months of 2024 (MSCI ACWI Value Index +4.32% vs. MSCI ACWI Growth Index +2.05%). Mid caps (MSCI ACWI Mid Cap Index +3.60%) and small caps (MSCI ACWI Small Cap Index +3.35%) outperformed large caps (MSCI ACWI Large Cap Index +3.06%), driven primarily by strong results in U.S. mid-cap (Russell MidCap® Index +4.34%) and small-cap (Russell 2000® Index +3.58%) companies. International developed markets (MSCI World ex USA IMI Index +3.47%) outperformed the U.S. (Russell 3000® Index +3.23%) and emerging markets (MSCI EM IMI Index +2.12%).
- Active managers have generally fared well against their passive counterparts year-to-date, with actively-managed U.S. small-cap and emerging markets strategies generating the largest levels of outperformance.
- On a rolling five-year basis, U.S. growth outperformance relative to value fell from the previous month. Rolling five-year growth returns have consistently been ahead of value returns since 2017.

## Fixed Income Market Highlights

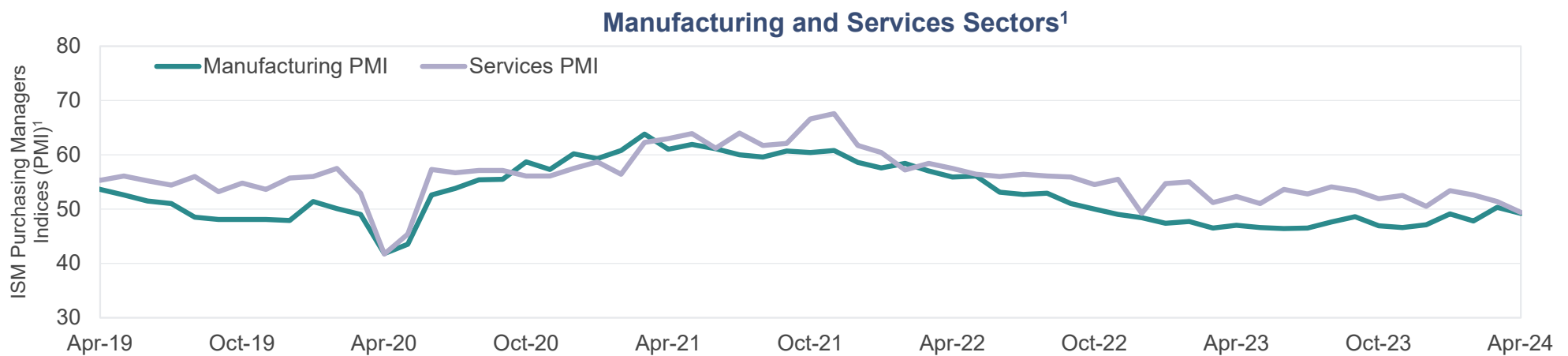
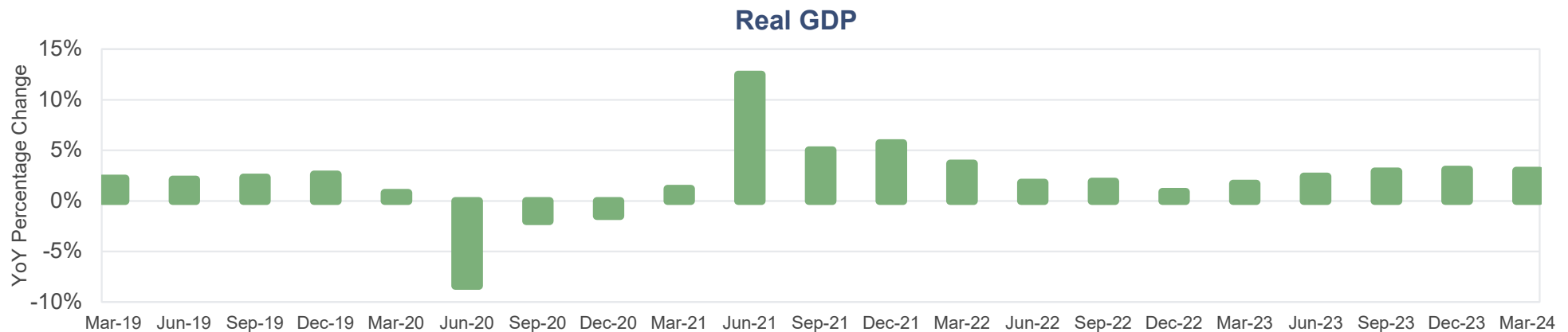
- The broad market, as represented by the Bloomberg U.S. Aggregate Bond Index, returned 0.92% over the month of March. Treasury rates moved within a range of +/- 8 basis points (bps) month-over-month, with credit performing best. The Bloomberg Emerging Market Debt Index was the top-performer, up 1.72%, followed by the Bloomberg Credit Index (+1.23%) and Bloomberg High Yield Index (+1.18%). The Bloomberg U.S. Government Index was the lowest-performing index within the opportunity set, although notably still produced a positive return (+0.64%).
- Ten-year government bond yields of select countries were largely lower for the month of March. Ten-year yields in the U.K. were down 31 bps, followed by Italy (down 18 bps), Germany (down 13 bps) and France (down nine bps). Ten-year yields in the U.S. declined by four bps, from 4.24% to 4.20%.
- Municipal/Treasury ratios were higher in March with short-dated ratios increasing the most. Ratios remain below five-year averages.

Stock Indices YTD		Bond Indices YTD		Other Indices YTD		U.S. Treasury Yields		Rates/Commodities	
MSCI ACWI IMI	7.72%	Bloomberg US Aggregate	-0.78%	US Fund Multialternative	4.68%	6-month	5.32%	Prime Rate	8.50%
Russell 3000	10.02%	Bloomberg Gbl Treas xUS Hdg	0.44%	DJ Equity All REIT	-1.31%	1-year	5.02%	LIBOR (3 Mo)	5.56%
S&P 500	10.56%	Bloomberg US TIPS	-0.08%	Bloomberg Commodity	2.19%	3-year	4.41%	Oil Price (\$/barrel)	\$83.17
MSCI EAFE	5.78%	Bloomberg US High Yield	1.47%			5-year	4.22%	Gold (\$/t oz)	\$2,233.12
MSCI EM	2.37%	Bloomberg EM Aggregate	1.53%			10-year	4.20%		
						30-year	4.34%		

Data is as of 03.31.2024. 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 03.31.2024. Source: Bureau for Economic Analysis. All data for bottom chart is as of 04.30.2024. Source: Institute for Supply Management (ISM). <sup>1</sup>The 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

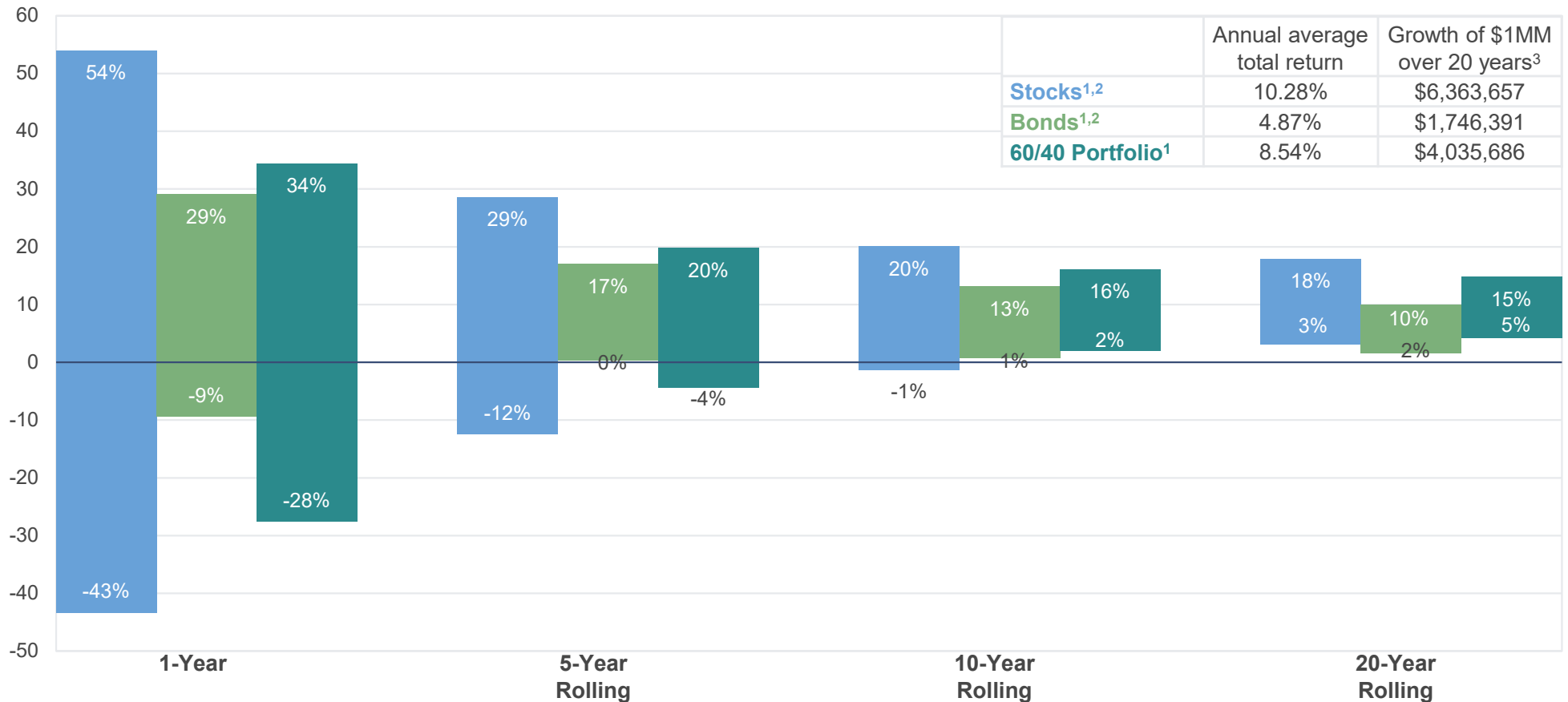


Source: Factset. For illustrative purposes only. Past performance is no guarantee of future results.

# 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



<sup>1</sup>The performance shown does not represent actual trading by Sterling Capital Management, but represents returns based on IA SBBi<sup>®</sup> 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. <sup>2</sup>Stocks represent the IA SBBi<sup>®</sup> U.S. Large Stock Index and Bonds represent the IA SBBi<sup>®</sup> U.S. Intermediate Government Index. <sup>3</sup>The 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.

Ism 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.

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