Sterling Capital Management's approach to mid cap value equity management is fundamental, bottom-up and valued oriented. The strategy seeks to identify what they believe are stocks of quality companies selling at large discounts to the underlying value of the business. Sterling refers to its philosophy as an "owner's approach" to investing which asks the same questions that a potential owner would ask if he were to enter into a private purchase transaction. This approach examines all factors relevant to the worth of the ongoing business using traditional fundamental security analysis. Sterling focuses on finding what they believe are exceptional businesses with quality management whose stocks are selling at attractive prices. In certain circumstances, Sterling will actively engage management in order to implement changes which they think will act as a catalyst in driving the company's share price towards its intrinsic value. Sterling's investment process may, at times, result in portfolios that will be significantly over/underweighted in particular sectors/industries versus the S&P 500 Index.
## Manager's Investment Process

- Proprietary screening tools narrow market capitalization's ideas between $1 billion - $15 billion
- Fundamental analysis looks for access to capital, normalized earnings power, quality of the franchise and shareholder orientation
- Written investment thesis is presented to Sterling's equity team to discuss merits of potential ideas and existing holdings
- Stocks are sold if price reaches intrinsic value, fundamentals are violated, other ideas develop or a position reaches 6-7% of portfolio

## Risk Considerations

Equity securities prices may fluctuate in response to specific situations for each company, industry, market conditions and general economic environment. Companies paying dividends can reduce or cut payouts at any time. Strategies that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than portfolios that diversify among a broad range of sectors. Investing in securities entails risks, including: The stocks of medium-sized companies are often associated with higher risk than stocks of larger companies, including higher volatility. Investing in smaller/mid-cap companies involves greater risks not associated with investing in more established companies, such as business risk, significant stock price fluctuations and illiquidity. Value investing involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. When investing in value securities, the market may not necessarily have the same value assessment as the manager, and, therefore, the performance of the securities may decline. Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. Value investing does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected. Bonds rated below investment grade may have speculative characteristics and present significant risks beyond those of other securities, including greater credit risk and price volatility in the secondary market. Investors should be careful to consider these risks alongside their individual circumstances, objectives and risk tolerance before investing in high-yield bonds. If a strategy expects to hold a concentrated portfolio of a limited number of securities, it should be noted that a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than that of a less concentrated portfolio.

## Portfolio's Allocation History (%)

<table>
<thead>
<tr>
<th>03/20</th>
<th>12/19</th>
<th>09/19</th>
<th>06/19</th>
</tr>
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<tbody>
<tr>
<td>U.S. Stocks</td>
<td>91</td>
<td>92</td>
<td>95</td>
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<tr>
<td>Non-U.S. Stocks</td>
<td>6</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>ADRs</td>
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<td>ADRs/Non-U.S. Stocks</td>
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<td>0</td>
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<tr>
<td>Ordinaries</td>
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</tr>
<tr>
<td>Closed End Country Equity Funds</td>
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<tr>
<td>Country Baskets</td>
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<td>REITs</td>
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<tr>
<td>Cnvr. Bonds</td>
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</tr>
<tr>
<td>Cnvr. Prfds.</td>
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</tr>
<tr>
<td>Futures/Options</td>
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<td>0</td>
</tr>
<tr>
<td>Cash/Cash Equivalents</td>
<td>3</td>
<td>3</td>
<td>5</td>
</tr>
</tbody>
</table>

*As of 12/31/2019. Information as of 03/31/2020 is not yet available.*

**The P/E used here is calculated by the harmonic mean.**

***Index: Russell Mid Cap VI***
If this profile shows related performance, see the section titled "Related Performance" in the disclosures for important information about the performance shown prior to the inception of the Morgan Stanley Select UMA Program. The subsequent pages contain important disclosures and a glossary of terms. Information as of March 31, 2020, unless otherwise noted and is subject to change.
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Morgan Stanley

Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either evaluation process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

GIMA has a "Watch" policy and may describe a Focus List or Approved List investment product as being on "Watch" if GIMA identifies specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the investment product becoming "Not Approved". The Watch period depends on the length of time needed for GIMA to conduct its evaluation and for the investment manager to address any concerns. GIMA may, but is not obligated to, note the Watch status in this report with a "W" or "Watch" on the cover page.

For more information on the Focus List, Approved List, and Watch processes, please see the applicable Morgan Stanley ADV brochure (www.ms.com/adv). Your Financial Advisor or Private Wealth Advisor can provide on request a copy of a paper entitled "GIMA: At A Glance ".

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Actual portfolio statistics may vary from target portfolio characteristics.

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The portfolio may, at times, invest in exchange-traded funds (ETFs), which are a form of equity security in seeking to maintain continued full exposure to the broad equity market.

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INDEX DESCRIPTIONS

90-Day T-Bills

The 90-Day Treasury Bill is a short-term obligation issued by the United States government. T-bills are purchased at a discount to the full face value, and the investor receives the full value when they mature. The difference of discount is the interest earned. T-bills are issued in denominations of $10,000 auction and $1,000 increments thereafter.

Russell Mid Cap VI

The Russell Mid Cap Value Index contains Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value Index.

S&P 500

The S&P 500 Total Return has been widely regarded as the best single gauge of the large cap U.S. equities market since the index was first published in 1957. The index has over $5.58 trillion benchmarked, with index assets comprising approximately $1.31 trillion of this total. The index includes 500 leading companies in leading industries of the U.S. economy, capturing 75% coverage of U.S. equities. This index includes dividend reinvestment.

Indices are unmanaged and have no expenses. You cannot invest directly in an index.

GLOSSARY OF TERMS

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Alpha is a mathematical estimate of risk-adjusted return expected from a portfolio above and beyond the benchmark return at any point in time.

American Depositary Receipts (ADRs) are receipts for shares of a foreign-based corporation held in the vault of a U.S. bank.

Average Portfolio Beta is a measure of the sensitivity of a benchmark or portfolio's rates of return to changes against a market return. The market return is the S&P 500 Index. It is the coefficient measuring a stock or a portfolio's relative volatility.

Beta is a measure of the sensitivity of a portfolio's rates of return to changes in the market return. It is the coefficient measuring a stock or a portfolio's relative volatility.

Bottom-Up Stock Selection Emphasis primarily on individual stock selection. Considerations of economic and industry factors are of secondary importance in the investment decision-making process.

Capitalization is defined as the following: Mega (Above $100 billion), Large ($12 to $100 billion), Medium ($2.5 - $12 billion), Small ($0.50 - $2.5 billion) and Micro (below $.50 billion).

Distribution Rate is defined as the most recent distribution paid, annualized, and then divided by the current market price. Distribution rate may consist of investment income, short-term capital gains, long-term capital gains, and/or returns of capital.

Dividend a portion of a company's profit paid to common and preferred shareholders.

Dividend Yield annual dividend per share divided by price per share. Dividend Yield for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

Downside Risk is a measure of the risk associated with achieving a specific target return. This statistic separates portfolio volatility into downside risk and upside uncertainty. The downside considers all returns below the target return, while the upside considers all returns equal to or above the target return.

Duration is a measure of price sensitivity expressed in years.

High Grade Corporate Bonds corporate bonds from issuers with credit ratings of AA or AAA.

Information Ratio is a measure of the investment manager's skill to add active value against a given benchmark relative to how stable that active return has been. Essentially, the information ratio explains how significant a manager's alpha is. Therefore, the higher the information ratio, the more significant the alpha.

Investment Grade Bonds are those rated by Standard & Poor's AAA (highest rated), AA, A or BBB (or equivalent rating by other rating agencies or, in the case of securities not rated, by the investment manager).

Price/Book Ratio (P/B) weighted average of the stocks' price divided by book value per share. Book value per share is defined as common equity, including intangibles, divided by shares outstanding times the adjustment factor.

Price/Cash Flow Ratio a ratio used to compare a company's market value to its cash flow. It is calculated by dividing the company's market cap by the company operating cash flow in the most recent fiscal year (or the most recent four fiscal quarters); or, equivalently, divide the per-share stock price by the per-share operating cash flow.

Price/Earnings Ratio (P/E Ratio) shows the multiple of earnings at which a stock sells. Determined by dividing current stock price by current earnings per share (adjusted for stock splits). Earnings per share for the P/E ratio are determined by dividing earnings for past 12 months by the number of common shares outstanding. The P/E ratio shown here is calculated by the harmonic mean.

Price/Sales Ratio determined by dividing current stock price by revenue per share (adjusted for stock splits). Revenue per share for the P/S ratio is determined by dividing revenue for past 12 months by number of shares outstanding.

R2 (R-Squared)/Portfolio Diversification indicates the proportion of a security's total variance that is benchmark-related or is explained by variations in the benchmark.

Sharpe Ratio measures the efficiency, or excess return per unit of volatility, of a manager's returns. It evaluates managers' performance on a volatility-adjusted basis.

Standard Deviation is a statistical measure of historical variability or spread of returns around a mathematical average return that was produced by the investment manager over a given measurement period. The higher the standard deviation, the greater the variability in the investment manager's returns relative to its average return.

Top-Down/Economic Analysis Emphasis primarily on macroeconomic trends as opposed to bottom-up stock selection.

Tracking Error represents the standard deviation of the difference between the performance of the investment strategy and the benchmark. This provides a historical measure of the variability of the investment strategy's returns relative to its benchmark.

U.S. Treasury Bonds a marketable, fixed interest U.S. government debt security with a maturity of more than 10 years. Treasury bonds make interest payments semi-annually and the income that holders receive is only taxed at the federal level.

Volatility a measure of risk based on the standard deviation of the asset return. Volatility is a variable that appears in option pricing formulas, where it denotes the volatility of the underlying asset return from now to the expiration of the option. There are volatility indexes. Such as a scale of 1-3; a higher rating means higher risk.