Sterling Partners Equity Advisors
Portfolio Commentary – Summer 2022

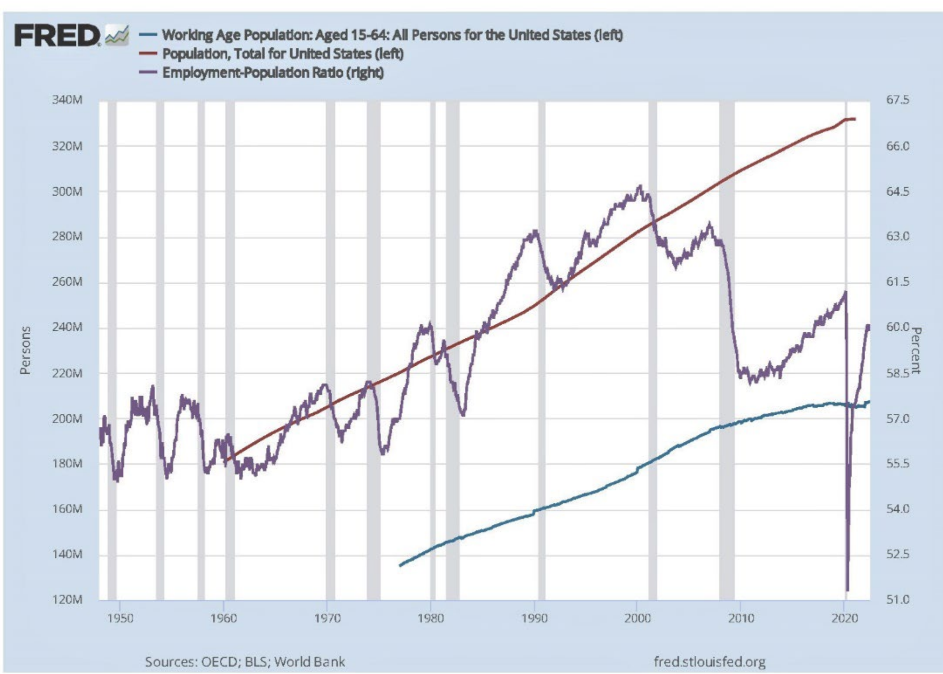
Is It or Isn't It?

Kevin E. Silverman, CFA

That's the question on everyone's mind these days. It's understandable because there are so many conflicting data points. We have pointed out in the past that a good thing to do to achieve certainty in stock market returns in the short-run is to avoid owning any stocks — or sell the ones you have; although we don't recommend that, the market returns in the long-run have historically been pretty good. One thing we know for sure is our 2Q 2022 performance was worse than we like relative to our Russell 2000 value benchmark, and we will discuss the details of those results following this letter.

It certainly makes sense why markets are down this year. With negative GDP, rising inflation and interest rates, a war, collapsing consumer sentiment, and big economy-jolting energy price increases, it feels a lot like 1974, 1979, 2000, or 2008. There's half a chance we are already in a recession that will be labeled after the fact, something that has happened frequently in the past. Market momentum is negative, retail sales are weak, housing is slowing, auto builds are down, the yield curve is inverted, disposable personal income has been slipping, even video streaming is down, and PE multiples are falling. In other words, good hunting grounds for a value investor.

At the same time, it's also hard to make sense of record real wage rates, near peak personal consumption expenditures, near record low unemployment, and the Michigan consumer sentiment index at a 70-year low. A combination of the gut punch of post-Covid inflation, war, interest rate hikes, and then both a bear stock and bond market have obviously hit sentiment hard, but not yet employment.



In one post-Covid graph that looks pretty interesting (see chart), historically low unemployment rates seem entirely caused by a growing percentage of the working-age population moving into retirement. While some of this is undoubtedly a post-Covid appreciation for leisure, the demographics say that baby boomers are finally retiring and taking many of their non-college taught skills with them. In what could be a long trend, there seems to be an excess of lawyers and bankers and a shortage of truck drivers and construction workers. Hard to say if that's bad for the economy.

But again is it or isn't it?

There is a lot of negative data, but it's quite possible we are in a slowdown created by the economy working through more than the normal number of global supply and demand shifts at the same time.   We try to keep in mind that most of the numbers that are making people nervous are rough estimates. With GDP and the CPI releases, it seems that a good dose of skepticism regarding the accuracy of these estimates is warranted, particularly as real GDP growth hovers near zero. Is GDP capturing all the productivity that has been created by the recent mass adoption of new technology? Is the CPI estimate capturing the difference between pricing and productivity gains in fast-paced new products and services cycles? Does the CPI basket change frequently enough when web-based product discovery and substitution are now weaved into consumer behavior?

The stock market itself has historically been the best predictor of recessions. This decline did cross the threshold of the definition of a bear market and, therefore, is likely an official market prediction. But in another somewhat unusual case this time, the average market decline so far can be almost entirely accounted for by the mathematical impact of higher interest rates dialed into the denominator of the present value calculation. Does that make the market decline less predictive? Or is it in fact more predictive because earnings declines have yet to be dialed into market estimates?

A lingering question that is key to where we go in the near term is what happens to inflation? Are general price increases a mathematical reaction to wartime-like levels of growth in the money supply? Undoubtedly yes. Are some price increases simply the natural market reaction to a post-Covid period when everyone wants to do everything at once, creating scarcity and higher prices for those who want to be first in line? Again, almost certainly yes. Are some price increases the natural market reaction to shortages caused by a major generational shift in world trade patterns and, therefore, a short-term incentive to build more capacity or invent a new approach? Again, we think yes. And while it's easy to understand how higher rates can shock buyers and postpone big-ticket lifecycle purchases, a recent history that includes periods of higher housing starts and higher auto builds at a time of higher rates suggests that long-run demand goes beyond interest rates.

For the stock pickers among us, the flip side of a rising inflation and interest rate environment is that it creates opportunities for companies with proprietary products and good balance sheets to raise price and expand margin and earnings faster than competitors. The flip side of historically low sentiment is the opportunity for multiples to improve. Those two paths to good returns, expanding earnings and/or multiplies, say absolutely nothing about the timing, by the way. But in the long run, economic growth equals population growth times productivity growth, and whether properly measured or not, we remain pretty optimistic about that.

Click here for our most recent performance, and please keep reading to see our Director of Research's thoughts about our best and worst contributors to our performance in the quarter.

Thank you for your interest in Sterling Partners Equity Advisors.

Best Regards,

Kevin E. Silverman, CFA
Chief Investment Officer
P: 312-465-7096
C: 312-953-0992
ksilverman@sterlingpartnersequityadvisors.com

Contact:
John A. Schattenfield
Head of Distribution
jschattenfield@sterlingpartnersequityadvisors.com
P: 312-465-7037
C: 872-202-2340

Sterling Small-Cap Value Diversified 2Q 2022 Summary* Listed from highest to Lowest contribution within the performance category	
Top Contributors	Bottom Contributors
1. Calavo Growers, Inc.	1. Atlas Technical Consultants, Inc.
2. Meridian Bioscience, Inc	2. Lions Gate Entertainment Corp.
3. Northwest Pipe Co.	3. Lands' End, Inc.
4. NetScout Systems, Inc.	4. Corsair Gaming, Inc.
5. Amalgamated Financial Corp.	5. The Bancorp, Inc.

Sterling Small-Cap Value Focus 2Q 2022 Summary* Listed from highest to Lowest contribution within the performance category	
Top Contributors	Bottom Contributors
1. Meridian Bioscience, Inc	1. Atlas Technical Consultants, Inc.
2. Calavo Growers, Inc.	2. Lions Gate Entertainment Corp.
3. NetScout Systems, Inc.	3. Lands' End, Inc.
4. Haemonetics Corporation	4. Corsair Gaming, Inc.
5. First Interstate BancSystem, Inc.	5. Eventbrite, Inc.

Top Contributors

Meridian Bioscience Inc (VIVO)

Sterling Small-Cap Value Diversified
Sterling Small-Cap Value Focus

Meridian Bioscience is a fully integrated life science company that develops, manufactures, markets, and distributes a broad range of innovative diagnostic products. Meridian primarily sells diagnostic test kits for gastrointestinal and respiratory infectious diseases.

The Life Science segment offers bulk antigens, antibodies, PCR/qPCR reagents, nucleotides, and bioresearch reagents used by in vitro diagnostic manufacturers, as well as researchers in immunological and molecular tests for human, animal, plant, and environmental applications. The Diagnostics segment offers testing platforms under proprietary branded Meridian products and offers respiratory illness assays, such as tests Group A strep, mycoplasma pneumonia, and influenza.

Meridian continues to benefit from increased COVID testing as a provider of PCR reagents used in the test manufacturing process, but revenue growth has slowed since the 2020 fall acceleration. We continue to view low cost preventative testing as an area for long term growth in the health care space and believe Meridian is well positioned to offer unique and common testing services

Calavo Growers Inc (CVGW)

Sterling Small-Cap Value Diversified
Sterling Small-Cap Value Focus

Calavo Growers is a global avocado-industry leader and provider of value-added fresh food service serving retail, grocery, foodservice, club stores, mass merchandisers, food distributors, and wholesalers worldwide.

Calavo was adversely impacted by inflationary pressures on labor, raw materials, and freight, all of which accelerated as the third quarter progressed and impacted Calavo's margins and profitability. Management continues to implement its strategic initiatives to increase the operating leverage and synergies across its entire organization.

We own Calavo Growers around the thesis that globally the average person consumes healthier foods as they gain more wealth. Calavo is positioned well to benefit from healthier food trends and popularity of avocados.

Haemonetics Corporation (HAE)

Sterling Small-Cap Value Focus

Haemonetics is a global healthcare company providing innovative hematology products and solutions in the blood & plasma component collection and hospital transfusion services. It operates across three segments: Plasma, Blood Center, and Hospital. Last year Haemonetics acquired Cardiva Medical for $475 million aiming to grow their hospital product offering in a fast growing vertical; vascular closure systems.

During the quarter Haemonetics completed the move to a new manufacturing facility in Clinton, PA occupying approximately 200,000 square feet. Revenue increased 17.8% during the most recent quarter, as the Cardiva acquisition continues to drive Plasma and Hospital segment top line growth.

We like companies that can improve the costs in healthcare. We believe that blood and plasma collection technology will continue to be important for all of Haemonetics' business segments and expect newer machines to continue improving collection yield, while lowering costs.

Netscout Systems Inc (NTCT)

Sterling Small-Cap Value Diversified
Sterling Small-Cap Value Focus

NetScout Systems provides real-time, pervasive visibility, and insights that customers need to accelerate and secure their digital business services against disruptions in availability and performance.

NetScout has recently been rolling out products exclusively for 5G application, while continuing to help customers better optimize their 4G networks. Wireless providers still heavily rely on both 4G and 5G networks to handle the end customer's growing demand for data.

We own the stock on the thesis that internet traffic is gaining share of total communication (and encroaching on travel budgets as well) and companies will continue to need sophisticated software to optimize, defend, protect, and monitor their digital and cellular networks as the threat of attacks continues to evolve.

Northwest Pipe Co (NWPX)

Sterling Small-Cap Value Diversified

Northwest Pipe Company is a leading manufacturer of water-related infrastructure products including engineered steel pressure pipe and precast and reinforced concrete products focused on wastewater, stormwater, and water distribution.

Northwest Pipe Company is strategically positioned to meet North America's growing needs for water and wastewater infrastructure as demonstrated by their record backlog in Q1 – driving top and bottom-line growth through the first half of the year. The steel pressure pipe and precast business should continue to be the main driver, while the concrete pipe market provides a large addressable market opportunity for future growth.

Northwest Pipe Co is positioned to take advantage of the growing demand from cities, states and water utilities on the back of the federal infrastructure bill. We like companies that operate in segments that our essential to our society and its growth; we find the water utilities to be one of those and don't see that changing anytime soon. As subsidies work there way through the U.S. infrastructure Northwest Pipe Co. will continue to benefit.

First Interstate BancSystem (FIBK)

Sterling Small-Cap Value Focus

First Interstate BancSystem is the parent company of First interstate Bank, a regional bank providing banking and financial services throughout Idaho, Montana, Oregon, South Dakota, Washington, and Wyoming. First Interstate provides financial products and services to both retail and commercial customers in industries ranging from agriculture to construction, energy, and healthcare.

First Interstate produces the bulk of their income from interest on loans which has allowed them to benefit as rates have continued to increase throughout this year. First Interstate was able to complete their acquisition of Great Western Bank in May, bringing their total branch network to 308 banking offices, and thus, vastly expanding their geographic reach.

We like First Interstate BancSystem as a diversified growing community bank positioned uniquely in the Midwest and Pacific Northwest in areas with above average population growth. Their predominate exposure to interest income should continue to be of benefit in this rising rate environment.

Amalgamated Financial Inc (AMAL)

Sterling Small-Cap Value Diversified

Amalgamated Bank is a full-service commercial bank and trust company with a network of 11 branches in New York City, Washington D.C., and San Francisco.

The pandemic has allowed Amalgamated to benefit from higher levels of digital transactions, obliging its customers to utilize technology when in-person banking was not an option. The successful transition to online banking allowed the bank to close several branches earlier than anticipated.

Amalgamated Bank interests us because of a differentiated bank model in a commodity industry. In addition, the bank is focused on moving toward digital adoption and removing the cost of retail branches.

Bottom Contributors continued next page…

Bottom Contributors

Atlas Technical Consultants (ATCX)

Sterling Small-Cap Value Diversified
Sterling Small-Cap Value Focus

Atlas Technical Consultants is a leading infrastructure and environmental services provider with solutions to public and private sector clients in the transportation, commercial water, government, education, and industrial markets. They specialize in testing, inspection, engineering, environmental impact, and program management consulting services.

Backlog achieved another new record high at $851 million, an increase of 24% from the prior year, driven by key infrastructure and environmental related contact wins that offset what is historically a higher backlog burn rate quarter.

Our thesis is that Atlas Technical Consultants is positioned well to benefit from increased domestic infrastructure spending as a growing consultant and service provider to industrial markets. The stock has recently reacted poorly to its SPAC origins, its leverage and its lack of public market history, while we continue to see strong cashflow in a consolidating industry, and expect the market to recognize the company's industry leadership, stable cashflow growth and an improving balance sheet.

Lions Gate Entertainment (LGF-A)

Sterling Small-Cap Value Diversified
Sterling Small-Cap Value Focus

Lionsgate is a global content platform whose films, television series, digital products and linear and over-the-top platforms reach audiences around the world. Our thesis is that part of the growth of leisure, entertainment, and the content that drives it, will continue to gain share of the economy.

Management indicated positive momentum in all business segments during the quarter. Starz added 4.4 million global streaming subscribers with strong gain in OTT subscribers both domestically and in their international segments. The Motion Picture Grouped added nine new film production starts to a robust pipeline. Lionsgate completed a multiyear agreement with Roku channel services for their theatrical films. We believe the recent weakness in the stock is mostly caused by the soft year over year streaming trends, which in our view has little to do with the long run value of content.

Lands' End Inc (LE)

Sterling Small-Cap Value Diversified
Sterling Small-Cap Value Focus

Lands' End is primarily on online and catalog retailer of casual clothing, accessories, footwear, and home products. In addition to it's own e-commerce distribution, a full online Lands' End store is available on Amazon and there is a growing physical footprint in Kohls.

Management believes they will continue to deliver on its digitally led business model and are navigating the global supply chain challenges well. The company is focused on four pillars' product, digital, uni-channel distribution, and infrastructure.

Our thesis is that Lands' End is a low-cost, high-quality retailer of basic apparel, and will continue to gain share as online purchases gain share from physical retail stores. The stock has reacted badly to the perceived negative impact of a recession and large increase in raw material prices, a supply/demand imbalance that we expect to resolve over the cycle, and frankly one where low-cost producers can gain share.

Corsair Gaming Inc (CRSR)

Sterling Small-Cap Value Diversified
Sterling Small-Cap Value Focus

Corsair Gaming is a global developer and manufacturer of high-performance gear and technology for gamers, content creators, and PC enthusiasts. Corsair delivers a full ecosystem of products; PC Components, Peripherals, Premium Streaming Equipment, and Smart Ambient Lighting.

Corsair responded to the difficult sourcing and shipping environment by building inventory closer to its customers. Prior to reporting Q2 results Corsair guided revenue down driven by a meaningful pullback in consumer spending across all geographic markets, this pullback was more pronounced in European markets.

We believe in the growing gaming market globally and Corsair is positioned well to support this growing customer base with a platter of products.

Eventbrite Inc (EB)

Sterling Small-Cap Value Focus

Eventbrite is a global self-service and experience technology platform serving a community of nearly one million event creators in over 180 countries.

Management has been confident about its customers adapting to the challenging environment. Internally, the company has reduced costs which should benefit the company after the pandemic fears are in the rear window.

We own the stock on the thesis that global live events will continue to grow. The company will continue to gain global market share with their scalable and efficient self-service model.

The Bancorp (TBBK)

Sterling Small-Cap Value Diversified

The Bancorp is a provider of financial services to non-bank financial service companies. We enjoy owning companies involved with non-banking services with card and other payment processing fees. The Bancorp is recognized in the payments industry as a top issuer of prepaid cards and top ACH originator.

Management confirms strong growth continues to be supported by the acquisition of new clients and the expansion of its capabilities and solutions in its payment ecosystem. Book value per share was up 10% versus the prior quarter year-over-year, while net interest margin declined by 22 basis points to 3.12% at quarter end.

STERLING PARTNERS EQUITY ADVISORS

Sterling Partners Equity Advisors LLC, a Chicago-based Registered Investment Adviser reports the following preliminary results through June 2022 for its two institutional small-cap value equity strategies. Sterling Partners Equity Advisors claims compliance with the Global Investment Performance Standards (GIPS®).

- **Small-Cap Value Diversified:** A diversified, long-only, small-cap value equity strategy with a 14-year verified track record. The portfolio typically holds 50-70 stocks, generally underfollowed, misunderstood, and believed by the research department to be mispriced.

Sterling Small-Cap Value Diversified	Jun-22	QTD	YTD	One Year	Three Years	Five Years	Seven Years	Ten Years	Since Incep 12-31-2006
Sterling SCV Diversified (Gross)	-7.93%	-16.26%	-22.80%	-20.54%	8.97%	9.72%	10.17%	12.78%	8.73%
Sterling SCV Diversified (Net)	-7.99%	-16.44%	-23.15%	-21.25%	7.98%	8.69%	9.12%	11.69%	7.67%
Russell 2000 Value Index	-9.88%	-15.28%	-17.31%	-16.28%	6.17%	4.90%	6.41%	9.07%	5.65%

- **Small-Cap Value Focus**: A concentrated, long-only, small-cap value equity strategy with a 20-year verified track record. The portfolio typically holds 25-35 of our highest conviction stocks with the identical research approach and potential universe of stocks as the Diversified strategy.

Sterling Small-Cap Value Focus	Jun-22	QTD	YTD	One Year	Three Years	Five Years	Seven Years	Ten Years	Since Incep 6-30-2001
Sterling SCV Focus (Gross)	-7.55%	-17.22%	-23.83%	-24.72%	7.22%	7.80%	8.22%	11.70%	10.59%
Sterling SCV Focus (Net)	-7.62%	-17.41%	-24.17%	-25.40%	6.24%	6.78%	7.19%	10.62%	9.51%
Russell 2000 Value Index	-9.88%	-15.28%	-17.31%	-16.28%	6.17%	4.90%	6.41%	9.07%	7.81%

Our investment team is supported by the operations team of our affiliate, Sterling Fund Management, a Chicago-based diversified investment management firm founded in 1983. We welcome the opportunity to serve your needs in small-cap value equities.

Best regards,

Kevin Silverman

Kevin Silverman, CFA
CIO & Portfolio Manager
ksilverman@sterlingpartnersequityadvisors.com
P: 312-465-7096
C: 312-953-0992

Please direct any inquiries to:

John A. Schattenfield
Head of Distribution
jschattenfield@sterlingpartnersequityadvisors.com
P: 312-465-7037
C: 872-202-2340

STERLING PARTNERS EQUITY ADVISORS

Confidentiality and Disclaimer:

This presentation does not constitute an offer to sell, or a solicitation of an offer to invest in any separately managed account managed by Sterling Partners Equity Advisors LLC ("SPEA"). Any such offer or solicitation can only be made by means of delivery of an approved investment management agreement or other materials relating to separately managed accounts ("Materials") and otherwise in accordance with applicable securities laws. The Materials must be received and reviewed prior to any investment decision. Any person subscribing for an investment must be able to bear the risks involved and must meet the suitability requirements relating to such investments. The indicative terms and other information included in this presentation are provided for discussion purposes only and are subject to completion or amendment. The information contained herein is not intended to provide, and should not be relied upon for, accounting, legal or tax advice or investment recommendations. Certain information included in this presentation is based on information obtained from sources considered to be reliable. However, any projections or analyses provided to assist the recipient of this presentation in evaluating the matters described herein may be based on subjective assessments and assumptions and may use one among alternative methodologies that produce different results. Accordingly, any projections or analyses should not be viewed as factual and should not be relied upon as an accurate prediction of future results. No representation is being made by the inclusion of the performance presented herein that any account or portfolio will achieve similar performance or avoid losses. There can be no assurance that a strategy described herein will meet its objectives generally or avoid losses. Past performance is not indicative of future results. This presentation does not address the business terms of any particular investment product or structure, the costs of implementing the same or the resulting tax, accounting, financial or regulatory consequences. The recipient should independently evaluate and judge the matters referred to herein.

Sterling performance is preliminary and subject to change. Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on both a gross of fees and a net of fees basis. Net of fees performance for the Small-Cap Value Diversified and Small-Cap Value Focus strategies reflects the deduction of a model annual management fee of 1.00% applied monthly through 12/31/2019 and 0.90% applied monthly for periods after 1/1/2020. The management fee schedule for the composite is 0.90%. Actual investment advisory fees incurred by clients may vary. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in U.S. dollars. Sterling Partners Equity Advisors LLC ("SPEA") began managing advisory client assets in May 2017. Performance presented prior to May 2017 occurred while the Portfolio Manager was affiliated with prior firms and the Portfolio Manager was the only or primary individual responsible for selecting the securities to buy and sell. This presentation is for informational purposes only and is not intended as an offer or sale of securities. Sterling Partners Equity Advisors is a Registered Investment Adviser with the U.S. Securities Exchange Commission. Registration does not constitute an endorsement of the firm, nor does it indicate that SPEA has attained a particular level of skill or ability. Economic factors, market conditions and investment strategies can affect the performance of any portfolio and there are no assurances that it will match or outperform any benchmark. Advisory fees and other important disclosures are described in Part 2 of SPEA' Form ADV, which is available online and from SPEA. The information presented herein is confidential and intended for distribution to the person to which such distribution has been approved by SPEA. Any unauthorized copying, disclosure or distribution of the material is strictly forbidden.

The Sterling Small-Cap Value Diversified Composite ("Diversified Value") includes all fully discretionary accounts that invest in our strategy which consists of a portfolio of small capitalization U.S. stocks that SPEA considers to be attractively valued compared to our estimate of its true worth. Our primary risk constraint is to minimize the potential for a permanent loss of capital. Our goal is to manage the composite with zero dispersion. For comparison purposes, the Diversified Value is measured against the Russell 2000 Value Index. The Sterling Small-Cap Value Focus Composite ("Focus Value") includes all fully discretionary accounts that invest in our strategy which consists of a concentrated list of small capitalization U.S. stocks that SPEA considers to be attractively valued compared to our estimate of its true worth. Our primary risk constraint is to minimize the potential for a permanent loss of capital. The strategy employs a non-diversified, conviction style of investment. Our goal is to manage the composite with zero dispersion. For comparison purposes, the Focus Value is measured against the Russell 2000 Value Index. The Diversified Value and Focus Value strategies have been developed solely by Sterling Partners Equity Advisors LLC. Information relating to the Russell 2000 Value Index is provided for illustrative purposes only. SPEA does not purport to implement the same strategy as the Index. The Index provide general market data that serves as a point of reference to compare the performance of the Diversified Value and Focus Value with the performance of other products that make up a particular market. The Index do reflect the expenses associated with management of an actual portfolio, the actual cost of investing in the instruments that comprise it or other fees. No representation is made that any benchmark or index is an appropriate measure for comparison. SPEA makes no representation that any benchmark or index is an appropriate measure for comparison. SPEA makes no representation that the information related to the Index is accurate or complete.

The Diversified Value and Focus Value strategies are not in any way sponsored, endorsed, sold or promoted by Frank Russell Company ("Russell"), by the London Stock Exchange Group companies ("LSEG"), or by Research Affiliates LLC ("RA") (collectively the "Licensor Parties"), and none of the Licensor Parties make any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the Russell 2000 Value Index (the "Index") and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by Russell in conjunction with RA. None of the Licensor Parties shall be liable (whether in negligence or otherwise) to any person for any error in the Index and none of the Licensor Parties shall be under any obligation to advise any person of any error therein. Russell® is a trademark of Frank Russell Company. The trade names Fundamental Index® and RAFI® are registered trademarks of Research Affiliates, LLC. Russell® is a trademark owned by Frank Russell Company ("Russell"). The Russell RAFI™ Index Series are calculated by Russell in conjunction with Research Affiliates LLC ("RA"). Neither Russell nor RA sponsor, endorse or promote this product and are not in any way connected to it and do not accept any liability in relation to its issue, operation and trading. Any intellectual property rights in the index values and constituent list vests in Russell. Fundamental Index ® and RAFI® trade names are the exclusive property of Research Affiliates®, LLC. SPEA has obtained full license from Russell to use such intellectual property rights in the creation of this product.

The information presented herein is confidential and intended for distribution to the person to which such distribution has been approved by SPEA. Any unauthorized copying, disclosure or distribution of the material is strictly forbidden. Sterling Partners Equity Advisors LLC claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. A prospective client can obtain a GIPS Composite Report and/or Sterling Partners Equity Advisors' list of composite descriptions by sending an email request to: info@sterlingpartnersequityadvisors.com