



**STERLING**  
CAPITAL FUNDS

# STRATTON SMALL CAP VALUE FUND

A Shares  
(STSNX)  
Inception 11.16.2015

C Shares  
(STSOX)  
Inception 11.16.2015

Inst'l Shares  
(STSCX)  
Inception 04.12.1993

R6 Shares\*  
(SCSIX)  
Inception 02.03.2020

03.31.2021

## FUND FACTS

### Investment Objective:

Seeks long-term capital appreciation.

Total Net Assets	\$552,007,025
Number of Holdings	45
Weighted Median P/E	25.3x
Weighted Median P/B	2.5x
Weighted Average Market Cap	\$8.62B
Active Share	95.8%
Turnover	5%

## TOTAL EXPENSE RATIO

	Net	Gross
A Shares (STSNX)	1.23%	1.23%
C Shares (STSOX)	1.98%	1.98%
Inst'l Shares (STSCX)	0.98%	0.98%
R6 Shares* (SCSIX)	0.88%	0.98%

The Fund Administrator, Sterling Capital Management LLC, has contractually agreed to waive its administrative fees, pay Fund operating expenses, and/or reimburse the Fund .10% of the Class R6 average daily net assets for the period February 1, 2021 through January 31, 2022. Performance would have been lower without limitations in effect.

## RISK/RETURN STATISTICS VS. RUSSELL 2000® VALUE INDEX

<b>10-Year</b>	
Alpha	1.29
Beta	0.89
R-Squared	93.75
Standard Deviation	17.67
Sharpe Ratio	0.56
Capture Ratio Up	89.87%
Capture Ratio Down	86.62%

## 30-DAY SEC YIELD

	With Waivers	Without Waivers
A Shares (STSNX)	0.04%	0.04%
Inst'l Shares (STSCX)	0.29%	0.29%

SEC Yield is an annualization of the fund's total net investment income per share for the 30-day period ended on the last day of the month.

## Philosophy and Process

The Fund uses a value investment approach to invest primarily in common stock of small capitalization companies (those with market capitalizations that are below the market capitalization of the largest company in the Russell 2000® Index). We believe that undervalued companies with good earnings prospects have superior appreciation potential with reasonable levels of risk. Quantitatively, we focus on a stock's fundamental valuation relative to its peers. Qualitatively, we seek to identify business catalysts which will serve to drive future earnings growth, increase investor interest and expand valuation.

In addition to outperforming the broad market over longer periods of time, we believe that the Small Cap segment of the U.S. equity market, given its less efficient nature, offers significant opportunity to add value through active portfolio management. A combination of a larger investment universe, less research coverage, and strong growth potential creates a favorable backdrop for investment in select under-followed and/or underappreciated small companies.

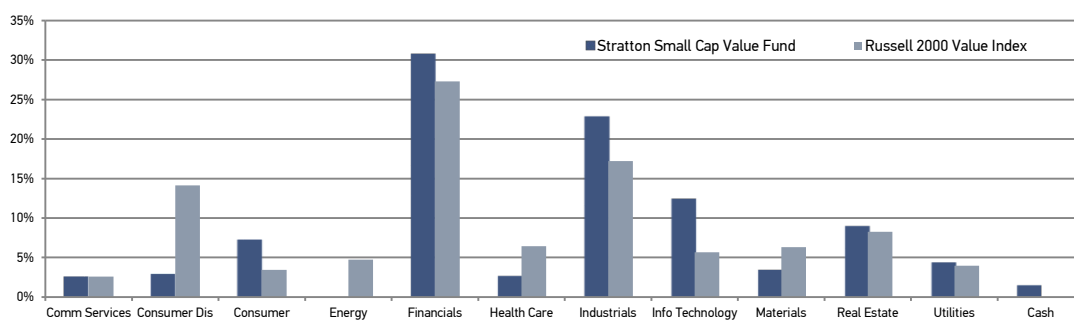
Fund Performance 03.31.2021	QTR	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
A Shares with 5.75% Sales Charge	10.91%	10.91%	68.94%	7.43%	11.26%	9.60%	10.51%
A Shares without Sales Charge	17.68%	17.68%	79.24%	9.57%	12.59%	10.25%	10.74%
Institutional Shares	17.74%	17.74%	79.65%	9.84%	12.87%	10.39%	10.79%
Russell 2000® Value Index	21.17%	21.17%	97.05%	11.57%	13.56%	10.06%	10.36%
Lipper Small-Cap Core Median	15.30%	15.30%	89.19%	11.26%	12.72%	10.18%	--

Year-End Returns	2014	2015	2016	2017	2018	2019	2020
A Shares without Sales Charge	3.09%	-4.15%	24.97%	12.90%	-14.66%	24.20%	2.91%
Institutional Shares	3.09%	-4.14%	25.25%	13.20%	-14.46%	24.51%	3.19%
Russell 2000® Value Index	4.22%	-7.47%	31.74%	7.84%	-12.86%	22.39%	4.63%

**Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. To obtain performance information current to the most recent month end and information on other share classes, please visit [www.sterlingcapital.com](http://www.sterlingcapital.com). Performance for periods greater than one year is annualized.**

**Performance for Class A is based on the performance of the Institutional Shares of the Predecessor Fund. Class A Shares and Institutional Shares of the Fund would have substantially similar performance because the Shares are invested in the same portfolio of securities and the performance would differ only to the extent that the Classes have different expenses.**

## Sector Allocation



Allocations are based on the current weight to funds in the cited Sector. The composition of the fund's holdings is subject to change.

**Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For a prospectus or summary prospectus with this and other information about the fund, please call 888.228.1872 or visit our website at [www.sterlingcapital.com](http://www.sterlingcapital.com). Read the prospectus carefully before investing.**





# STERLING CAPITAL FUNDS

Morningstar Style Box



## STRATTON SMALL CAP VALUE FUND

### Portfolio Management

**Gerald M. Van Horn, CFA®**  
Executive Director  
Lead Portfolio Manager

Jerry joined the Stratton Funds team of Stratton Management Company in 1998 and Sterling Capital Management as part of a business acquisition in August 2015. He has investment experience since 1996 and is a graduate of The College of New Jersey where he received his BA in Economics. He holds the Chartered Financial Analyst® designation.

**Shawn M. Gallagher, CFA®**  
Executive Director  
Associate Portfolio Manager

Shawn joined the Stratton Funds team of Stratton Management Company in 2005 and Sterling Capital Management as part of a business acquisition in August 2015. He has managed the fund since 2012, when it was repositioned as a Mid Cap Value strategy. He has investment experience since 2003 and is a graduate of Pennsylvania State University where he received his BS in Finance. He holds the Chartered Financial Analyst® designation.

**Andrew T. DiZio, CFA®**  
Executive Director  
Associate Portfolio Manager

Andy joined the Stratton Funds team of Stratton Management Company in 2012 and Sterling Capital Management as part of a business acquisition in August 2015. He has investment experience since 2003 and is a graduate of Pennsylvania State University where he received his BS in Finance with a minor in Economics. He holds the Chartered Financial Analyst® designation.

Ratings and Rankings would have been lower for Class A shares due to fees and expenses.

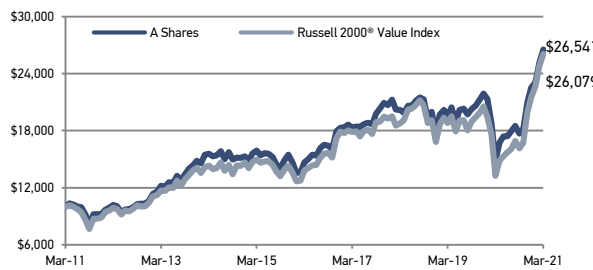
Lipper and Morningstar rankings are based on total return, including the reinvestment of dividends and capital gains but do not include sales charges for the periods indicated. Rankings shown are for Class I Shares and may be lower for Class A Shares due to higher fees and expenses. Mutual funds are assigned a rank within a universe of funds, relative to a peer group and similar in investment objective as determined by Lipper and Morningstar. The lower the number rank, the better the fund performed compared to other funds in the classification group. Lipper and Morningstar also calculate a percentile measure for each fund ranging from 1% (best) to 100% (worst).

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. ©2021 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Technical Terms: **Active Share:** a measure of the percentage of stock holdings in a manager's portfolio that differs from the benchmark index. **Alpha:** a measure of the performance of an investment as compared to a suitable benchmark index. An alpha of one (the baseline value is zero) shows that the return on the investment during a specified time frame outperformed the overall market average by 1%. A negative alpha number reflects an investment that is underperforming as compared to the market average. **Beta:** a measurement of volatility of returns relative to the entire market. It is used as a measure of risk and is an integral part of the capital asset pricing model. A company with a higher beta has greater risk and also greater expected returns. **Portfolio Turnover Rate:** a measurement to describe a fund's annual trading activity. It is a percentage used to demonstrate how many holdings in a mutual fund were replaced within the year. **R-Squared:** a statistical measure that represents what amount of a fund's movements can be explained by movements in its benchmark index. A high R-Squared (between 85 and 100) indicates the fund's performance patterns have been in line with the index. **Sharpe Ratio:** a measure that is commonly used to gauge the performance of an investment by adjusting for its risk. The higher the ratio, the greater the investment return relative to the amount of risk taken, and thus, the better the investment. The ratio can be used to evaluate a single stock or investment, or an entire portfolio. **Standard Deviation:** a measure of the magnitude of deviations between the values of the observations contained in the dataset. From a financial standpoint, the standard deviation can help investors quantify how risky an investment is and determine their minimum required return on the investment. **Upside/Downside Capture Ratio:** the measurement of a fund's cumulative return divided by its benchmark's cumulative return during positive and negative market periods. **Weighted Average P/B:** a weighted median ratio used to compare the book value of fund's stocks with their market value. The price to book ratio indicates how much an investor is paying for a company's assets based on historical valuations. It does not reflect current market value. **Weighted Median P/E:** a weighted median ratio used to compare the price of a fund's stocks with their per-share earnings, with a higher ratio indicating the market believes that a company has the ability to increase its earnings. (Technical definitions are sourced from Corporate Finance Institute and Investopedia.)

Sterling Capital Management LLC, a separate subsidiary of Truist Financial Corporation, serves as investment adviser to the Sterling Capital Funds and is paid a fee for its services. Shares of the Sterling Capital Funds are not deposits or obligations of, or guaranteed or endorsed by, Truist Bank or its affiliates. The Funds are not insured by the FDIC or any other government agency. The Funds are distributed by Sterling Capital Distributors LLC, which is not affiliated with Truist Bank or its affiliates.

### Growth of \$10,000



The Growth of \$10,000 chart is hypothetical based upon the performance of A Shares without sales charge for the period ended 03.31.2021. It includes the reinvestment of dividends and capital gains.

### Lipper Small-Cap Core Category

Based on Total Return as of 03.31.2021

	1 Year	3 Years	5 Years	10 Years
Lipper Ranking / Number of Funds in Category	665 / 879	559 / 824	345 / 721	228 / 500
Lipper Quartile (Percentile)	4th (76%)	3rd (68%)	2nd (48%)	2nd (46%)

### Morningstar Small Blend Category

Based on Risk-Adjusted Returns as of 03.31.2021

	Overall Rating	1 Year	3 Years	5 Years	10 Years
Institutional Shares Morningstar Rating™	★★★	--	★★	★★★	★★★
Morningstar Ranking / Number of Funds in Category	609	507 / 656	470 / 609	308 / 512	200 / 361
Morningstar Quartile (Percentile)		4th (78%)	4th (78%)	3rd (62%)	3rd (60%)

### Firm Overview

Sterling Capital Management LLC, founded in 1970, is the institutional investment management arm of Truist Financial Corporation. Headquartered in Charlotte, NC, Sterling provides investment advisory services through mutual funds, separately managed accounts, model portfolios, and other commingled vehicles offered through a variety of intermediary and managed account platforms. Sterling's six distinct investment teams provide a full complement of fixed income, concentrated active equity, and multi-asset solutions.

### Investment Considerations

Small company stocks are generally riskier than large company stocks due to greater volatility and less liquidity. Value stocks can perform differently than other types of stocks and can continue to be undervalued by the market for long periods of time.

*The **Chartered Financial Analyst® (CFA)** charter is a graduate-level investment credential awarded by CFA Institute — the largest global association of investment professionals. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.*