

North Carolina Intermediate Tax-Free Fund



STERLING
CAPITAL FUNDS

A Shares
(BNCA)X
Inception 10.16.1992

C Shares
(BBNCX)
Inception 02.01.2012

Inst'l Shares
(BBNTX)
Inception 10.16.1992

09.30.2021

Fund Facts

Investment Objective:

Seeks current income exempt from federal and North Carolina income taxes consistent with preservation of capital.

| | |
|-----------------------------|---------------|
| Total Net Assets | \$187,010,784 |
| Number of Holdings | 92 |
| Average Life | 5.08 Years |
| Effective Duration | 4.65 Years |
| Turnover | 8% |
| Income Subject to AMT | 0.00% |
| Income Subject to State Tax | 0.00% |

The fund's income may be subject to certain state and local taxes, and depending on an investor's tax status, to the federal alternative minimum tax (AMT).

Total Expense Ratio

| | |
|-----------------------|-------|
| A Shares (BNCA)X | 0.80% |
| C Shares (BBNCX) | 1.55% |
| Inst'l Shares (BBNTX) | 0.55% |

Dividend Distribution

| Month | Rates/A Share |
|---------------|---------------|
| July | \$0.0127 |
| August | \$0.0123 |
| September | \$0.0117 |
| September NAV | \$10.97 |

Effective Duration Breakdown

| | |
|----------|-------|
| 0-1 Yr. | 13.0% |
| 1-2 Yr. | 5.1% |
| 2-3 Yr. | 8.8% |
| 3-5 Yr. | 31.6% |
| 5-10 Yr. | 41.6% |
| 10+ Yrs. | 0.0% |

The composition of the fund's holdings is subject to change.

30-Day SEC Yield

| | With Waivers | Without Waivers |
|-----------------------|--------------|-----------------|
| A Shares (BNCA)X | 0.67% | 0.67% |
| Inst'l Shares (BBNTX) | 0.93% | 0.93% |

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

In managing the fund, the team specializes in actively building and managing a high credit quality fixed income portfolio focused on the intermediate segment of the yield curve offering. The team employs a top-down investment process that focuses on: duration management, yield curve strategy and finding the best relative value with limited amount of risk in order to maximize the risk-adjusted total return.

Buy Strategy: We buy high quality, liquid issues and seek the best relative sector and security values available. We attempt to maximize total return and current income while reducing price volatility.

Sell Strategy: We will consider selling a security we own in order to reposition the fund along the yield curve and adjust the fund's average maturity or duration. In addition, we might replace a security with one that offers greater potential for total return or when its credit fundamentals are deteriorating.

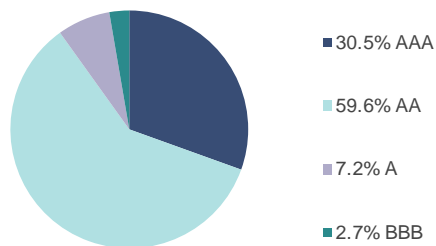
| Fund Performance 09.30.2021 | QTR | YTD | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception |
|---|--------|--------|--------|---------|---------|----------|-----------------|
| A Shares with 2.00% Sales Charge | -2.51% | -2.81% | -2.04% | 2.76% | 1.36% | 2.07% | 3.58% |
| A Shares without Sales Charge | -0.48% | -0.80% | -0.01% | 3.45% | 1.77% | 2.28% | 3.65% |
| Institutional Shares | -0.42% | -0.62% | 0.24% | 3.71% | 2.03% | 2.53% | 3.86% |
| ICE BofA ML 2-17 Yr. Muni. Index | -0.20% | 0.53% | 2.07% | 4.62% | 2.92% | 3.37% | -- |
| Lipper Other States Intermediate Municipal Median | -0.37% | 0.00% | 1.12% | 3.82% | 2.16% | 2.58% | -- |

| Year-End Returns | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------------------------|-------|-------|--------|-------|-------|-------|-------|
| A Shares without Sales Charge | 5.17% | 2.38% | -0.66% | 3.01% | 0.47% | 5.63% | 4.15% |
| Institutional Shares | 5.43% | 2.64% | -0.41% | 3.27% | 0.72% | 5.90% | 4.41% |
| ICE BofA ML 2-17 Yr. Muni. Index | 6.65% | 3.05% | 0.07% | 4.44% | 1.44% | 6.86% | 4.81% |

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. Performance for periods greater than one year is annualized.

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 ICE BofA Merrill Lynch 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 BofA / Merrill Lynch 2-17 Year Municipal Bond Index, which is unmanaged and does not incur fees and charges. The Lipper Other States Intermediate Municipal Debt Index reflects the average time-weighted rate of return of a representative group of intermediate municipal state-specific bond funds over time. RefinitivTM Lipper[®] defines an intermediate municipal state-specific bond fund as a fund that invests in municipal debt issues with dollar-weighted average maturities of five to ten years and are exempt from taxation on a specified state or city basis. The funds that comprise the index are intended to be employed as a good representation of combined peer group performance, acting as relevant benchmarks to measure single fund manager performance and rankings within that peer group. Lipper ensures that no restricted track record extensions are permitted, meaning only real histories represent the independently collected data. Source: Refinitiv Lipper.

Quality Breakdown



Credit quality ratings using S&P's ratings symbols reflect the credit quality of the underlying bonds in the fund portfolio and not of the fund itself. Securities are rated by S&P's, Moody's and Fitch; when ratings vary the highest rating available for each security is applied. Credit quality ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). "NR" is used to classify securities for which a rating is not available. Bond quality ratings are subject to change.

| Portfolio Composition | Fund | Index |
|-----------------------|--------|--------|
| General Obligation | 19.6% | 29.6% |
| Pre-Refunded | 12.4% | 6.1% |
| Revenue | 65.1% | 64.3% |
| Cash & Equivalents | 2.9% | -- |
| Total | 100.0% | 100.0% |

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

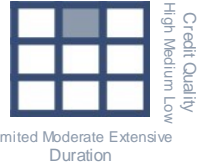
Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For a prospectus or summary prospectus with this and other information about the fund, please call 888.228.1872 or visit our website at www.sterlingcapital.com. Read the prospectus carefully before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



STERLING
CAPITAL FUNDS

North Carolina Intermediate Tax-Free Fund

Morningstar Style Box



09.30.2021



Portfolio Management

Robert F. Millikan, CFA®

Executive Director
Lead Portfolio Manager

Bob joined BB&T Asset Management in 2000 and Sterling Capital Management through merger in October 2010. He has managed the state-specific municipal bond portfolios since 2000 and has investment experience since 1990. He received a BA in Economics from Wake Forest University and holds the Chartered Financial Analyst® designation.

Michael P. McVicker

Executive Director
Associate Portfolio Manager

Michael joined Sterling Capital in 1992 and has investment experience since 1992. He has been an associate portfolio manager for each of the tax-free bond funds since 2016. Michael received a BSBA in Finance with a minor in Psychology from the University of North Carolina – Charlotte.

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.

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.

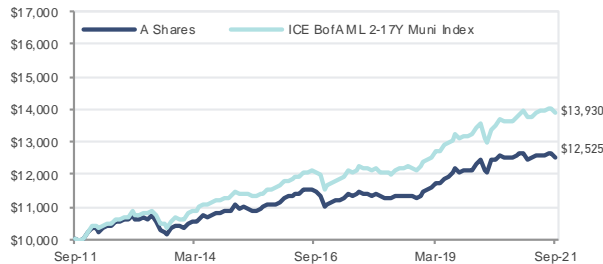
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Technical Terms: **Effective Duration** calculates the average life of individual bonds within a bond fund, and serves as a useful measure of the entire portfolio's sensitivity to rising and falling interest rates. An Effective Duration of 2.00 means that with a 1% decline in interest rates, the principal value should rise by 2%, and vice versa. **Portfolio Turnover Rate** measures 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. (Sources: Corporate Finance Institute; 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 load for the period ended 09.30.2021. It includes the reinvestment of dividends and capital gains.

Top Ten Holdings

| | |
|--|-------|
| 1. North Carolina St Grant Antic Rev 4.0% 01-Mar-2034 | 3.22% |
| 2. North Carolina St Ltd Oblig 5.0% 01-May-2030 | 2.91% |
| 3. Mecklenburg Cnty N C 5.0% 01-Dec-2026 | 2.65% |
| 4. North Carolina St Ltd Oblig 5.0% 01-May-2028 | 2.07% |
| 5. Forsyth Cnty N C 5.0% 01-Mar-2031 | 2.05% |
| 6. North Carolina Med Care Commn Hosp Rev 4.0% 01-Feb-2036 | 2.05% |
| 7. Charlotte N C Wtr & Swr Sys Rev 5.0% 01-Jul-2036 | 2.02% |
| 8. Johnston Cnty N C Ltd Oblig 5.0% 01-Apr-2026 | 1.95% |
| 9. Charlotte-Mecklenburg Hosp Auth N C Health Caresys Rev 5.0% 15-Jan-2030 | 1.69% |
| 10. North Carolina St 5.0% 01-Jun-2025 | 1.67% |

Current and future portfolio holdings are subject to change and risk. Based on Market Value of securities.

Lipper Other States Intermediate Municipal Category Based on Total Return as of 09.30.2021

| | 1 Year | 3 Years | 5 Years | 10 Years |
|--|-----------|-----------|-----------|-----------|
| Lipper Ranking / Number of Funds in Category | 67 / 76 | 48 / 75 | 42 / 69 | 29 / 51 |
| Lipper Quartile (Percentile) | 4th (88%) | 3rd (64%) | 3rd (60%) | 3rd (56%) |

Morningstar Muni Single State Intern Category Based on Risk-Adjusted Returns as of 09.30.2021

| | Overall Rating | 1 Year | 3 Years | 5 Years | 10 Years |
|---|----------------|-----------|-----------|-----------|-----------|
| Institutional Shares Morningstar Rating™ | ★★★ | -- | ★★★ | ★★★ | ★★ |
| Morningstar Ranking / Number of Funds in Category | 148 | 135 / 154 | 83 / 148 | 81 / 138 | 84 / 121 |
| Morningstar Quartile (Percentile) | | 4th (89%) | 3rd (58%) | 3rd (62%) | 3rd (71%) |

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

The funds are subject to the same risks as the underlying bonds in the portfolios such as credit, prepayment and interest rate risk. As interest rates rise, the value of bond prices will decline and an investor may lose money. The funds are non-diversified and may invest a greater percentage of its assets in a single issuer than funds that are more diversified. Furthermore, the funds invest primarily in state-specific municipal obligations of issuers and therefore will be affected by economic, political or other events affecting municipal issuers.