

# Short Duration Bond Fund

A Shares  
(BSGAX)  
Inception 11.30.1992

C Shares  
(BBSCX)  
Inception 02.01.2012

Inst'l Shares  
(BSGX)  
Inception 11.30.1992

R6 Shares<sup>1</sup>  
(SHTRX)  
Inception 02.01.2021



**STERLING**  
CAPITAL FUNDS

12.31.2025

## Overall Morningstar Rating™



Overall rating against 533 Funds in the Morningstar U.S. Fund Short-Term Bond Category as of 12.31.2025, derived from a weighted average of the risk-adjusted performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics. (BSGX)

## Fund Facts

### Investment Objective:

Seeks to provide current income and competitive total return.

Total Net Assets	\$39,180,794
Number of Holdings	141
Average Life	2.14 Years
Effective Duration	1.63 Years
Turnover	66%

Annual turnover data is shown as of 09.30.2025, the most recent fiscal year end.

## Total Expense Ratio

	Net	Gross
A Shares (BSGAX)	0.80%	0.80%
C Shares (BBSCX)	1.55%	1.55%
Inst'l Shares (BSGX)	0.55%	0.55%
R6 Shares <sup>1</sup> (SHTRX)	0.44%	0.55%

<sup>1</sup>The Fund Administrator, Sterling Capital Management LLC, has contractually agreed to waive its administrative fees, pay Fund operating expenses, and/or reimburse the Fund 0.11% of the Class R6 avg. daily net assets for the period February 1, 2026 through January 31, 2027. Performance would have been lower without limitations in effect.

## Dividend Distribution

Month	Rates/A Share
October	\$0.0307
November	\$0.0296
December	\$0.0315
December NAV	\$8.42

## Effective Duration Breakdown

0-1 Year	23.6%
1-2 Years	40.0%
2-3 Years	34.5%
3-4 Years	0.7%
4-5 Years	0.0%
5+ Years	1.2%

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

## 30-Day SEC Yield

	With Waivers	Without Waivers
Inst'l Shares (BSGX)	3.87%	3.87%
A Shares (BSGAX)	3.62%	3.62%

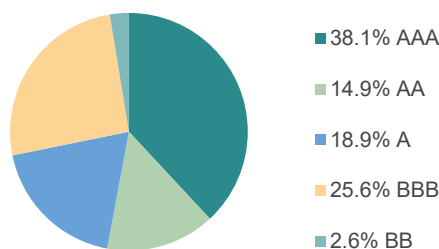
SEC Yield is an annualization of the Fund's total net investment income per share for the 30-day period ended on the last day of the month.

Fund Performance For the Period Ended 12.31.2025	QTR	YTD	1Y	3Y	5Y	10Y	Since Inception
A Shares with 2.00% Sales Charge	-0.91%	3.29%	3.29%	4.61%	1.99%	2.26%	3.18%
A Shares without Sales Charge	1.09%	5.40%	5.40%	5.33%	2.40%	2.46%	3.24%
Institutional Shares	1.16%	5.66%	5.66%	5.64%	2.66%	2.72%	3.49%
ICE BofA 1-3Y U.S. Corporate/Government Bond Index	1.14%	5.31%	5.31%	4.79%	1.97%	2.10%	3.52%
Lipper Short Investment-Grade Debt Median	1.15%	5.67%	5.67%	5.42%	2.34%	2.44%	---

Year-End Performance	2019	2020	2021	2022	2023	2024	2025
A Shares without Sales Charge	4.45%	3.98%	-0.25%	-3.41%	5.32%	5.29%	5.40%
Institutional Shares	4.71%	4.24%	-0.11%	-3.18%	5.71%	5.55%	5.66%
ICE BofA 1-3 Y U.S. Corporate/Government Bond Index	4.07%	3.34%	-0.41%	-3.79%	4.63%	4.44%	5.31%

**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 is annualized for periods greater than one year.**

## 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
Corporate	50.5%	24.3%
Financial Institutions	25.0%	11.5%
Industrial	20.3%	11.3%
Utility	5.2%	1.5%
Government Related	0.2%	3.9%
Agency	--	3.3%
Local Authority	0.2%	0.5%
Securitized	41.3%	--
ABS	19.7%	--
ARM	0.7%	--
CLO	9.2%	--
CMBS	9.2%	--
CMO	2.5%	--
Treasury	6.6%	71.8%
Cash	1.4%	--
Total	--	--

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

## Philosophy & Process

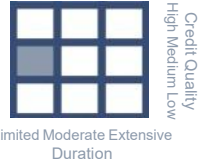
To pursue its investment objective, the Fund invests, under normal circumstances, at least 80% of its net assets plus borrowings for investment purposes in fixed income securities (bonds). The Fund will maintain an average duration between one and three years. The team's multi-faceted approach uses a combination of top-down and bottom-up analysis, quantitative vs. qualitative analysis and fundamentals vs. valuation in order to generate excess return. Emphasis is placed on risk management through asymmetric risk/return profiles, quantifying risk and assessing return (return potential secondary to risk assessment) and analyzing investment risk within the context of the portfolio and on a stand-alone basis. The team firmly believes in no unintended exposures, consistent risk-adjusted performance over time and the idea that "if you cannot measure it, you cannot manage it."

**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.**



# Short Duration Bond Fund

Morningstar Style Box



12.31.2025

## Portfolio Management

### Mark Montgomery, CFA®

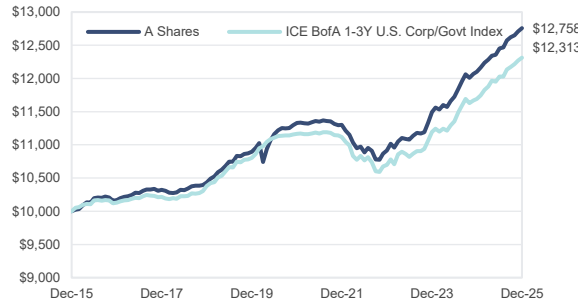
Senior Managing Director | Co-Portfolio Manager  
Mark joined SCM in 1997 and has co-managed the Fund since 2008. He has investment experience since 1990. Mark received a B.S. in Marketing with a minor in Public Administration from West Chester University and a M.B.A. from Drexel University. He holds the CFA® designation.

### Pete Brown, CFA®

Managing Director | Co-Portfolio Manager  
Pete joined SCM in 2004 and has co-managed the Fund since 2020. He has investment experience since 2000. Pete received a B.S. in Statistics with minors in Business Management, Marketing and Communications from Cornell University, and a M.B.A. from Wake Forest University. He holds the CFA® designation.

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.

## 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 12.31.2025. It includes the reinvestment of dividends and capital gains.

## Top Ten Holdings

2Y Treasury Note (CBT) Mar 26	5.48%
DRSLF 2017-53A BR 144A VRN	1.33%
Americredit Auto 2022-2 5.32% 18-apr-2028	1.31%
Tricon Res. 2025-sfr1 4.836% 19-mar-2042	1.26%
Hertz III Series 2023-4 6.15% 25-mar-2030	1.25%
JPM Chase & Co. 5.571% 22-apr-2028	1.22%
Pfs Financing Corp. 5.34% 16-apr-2029	1.22%
Wheels Lease Funding 1 4.41% 18-may-2040	1.21%
Chase 2019-ATR2 A3 12/25/23 144A VRN	1.20%
Starwood Property Trust 3.625% 15-jul-2026	1.18%

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

## Lipper Short Investment-Grade Debt Category Based on Total Return as of 12.31.2025

	1Y	3Y	5Y	10Y
Lipper Ranking/Number of Funds in Category	208/411	145/388	111/364	88/284
Lipper Quartile (Percentile)	3rd (51%)	2nd (38%)	2nd (31%)	2nd (31%)

## Morningstar U.S. Short-Term Bond Category For the Period Ended 12.31.2025

	Overall Rating	1Y	3Y	5Y	10Y
Institutional Shares Morningstar Rating™	★★★★	---	★★★	★★★★	★★★★
Morningstar Ranking/Number of Funds in Category	533	331/553	194/533	104/501	107/385
Morningstar Quartile (Percentile)		3rd (65%)	2nd (42%)	1st (25%)	2nd (31%)

**Note: Morningstar Ratings are based on risk-adjusted returns. Morningstar Rankings are based on total return.**

**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 1-3 Year U.S. Corporate/Government Bond Index** includes fixed rate debt issues rated investment grade or higher by Moody's and S&P. All issues have at least one year to three years to maturity and an outstanding par value of at least \$300 million. All returns are market value weighted inclusive of accrued interest. The total return includes price appreciation/depreciation and income as a percentage of the original investment. The total return index is rebalanced monthly by market capitalization.

**The Lipper Short Investment-Grade Debt Index** reflects the average time-weighted rate of return of a representative group of short investment-grade bond funds over time. Refinitiv™ Lipper® defines a short investment-grade bond fund as a fund that invests primarily in investment-grade debt issues (rated in the top four grades), with dollar-weighted average maturities of less than three years. 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.

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 risk-adjusted 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 risk-adjusted 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.

©2026 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.

"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.

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, an indirect, wholly-owned subsidiary of Guardian Capital Group Limited, serves as investment adviser to the Sterling Capital Funds and is paid a fee for its services. The Funds are not insured by the FDIC or any other government agency. The Funds are distributed by Sterling Capital Distributors LLC.