

# Quality Income Fund

A Shares  
(SCSSX)  
Inception 02.01.2013

C Shares  
(SCSTX)  
Inception 02.01.2013

Inst'l Shares  
(SCSPX)  
Inception 02.01.2013



STERLING  
CAPITAL FUNDS

12.31.2025

## Overall Morningstar Rating™



Overall rating against 414 Funds in the Morningstar U.S. Fund Intermediate Core 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. (SCSPX)

## Fund Facts

### Investment Objective:

Seeks to maximize total return.

Total Net Assets	\$165,528,800
Number of Holdings	237
Average Life	6.42 Years
Effective Duration	5.15 Years
Turnover	35%

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

## Total Expense Ratio

	Net	Gross
A Shares (SCSSX)	0.85%	0.91%
C Shares (SCSTX)	1.60%	1.66%
Inst'l Shares (SCSPX)	0.60%	0.66%

The Advisor has contractually agreed to limit certain fees paid by the Fund from February 1, 2026 through January 31, 2027. Performance would have been lower without limitations in effect.

## Dividend Distribution

Month	Rates/A Share
October	\$0.0275
November	\$0.0276
December	\$0.0274
December NAV	\$9.17

## Effective Duration Breakdown

0-2 Years	9.8%
2-4 Years	25.2%
4-6 Years	31.0%
6-8 Years	24.0%
8-10 Years	2.3%
10+ Years	7.6%

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

## 30-Day SEC Yield

	With Waivers	Without Waivers
Inst'l Shares (SCSPX)	3.78%	3.71%
A Shares (SCSSX)	3.53%	3.46%

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 & Process

In managing the Fund, the portfolio management team employs a multi-faceted approach to generate excess return and uses a combination of top-down and bottom-up analysis, quantitative vs. qualitative analysis and fundamentals vs. valuation. There is a strong emphasis on risk management and an adherence to certain core investment beliefs: (1) "if you cannot measure it, you cannot manage it;" (2) avoid unintended exposures; (3) average duration is expected to be within 1.5 years of the duration of the Fund's index; (4) participate in longer term trends - don't buy on short-term trends or try to time what is going on in the market; and (5) attempts to achieve risk-adjusted performance over time.

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.

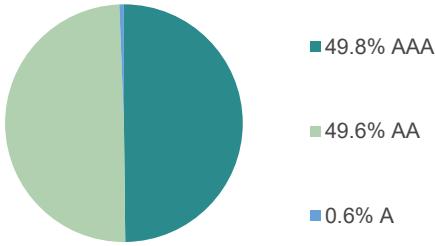
Fund Performance For the Period Ended 12.31.2025	QTR	YTD	1Y	3Y	5Y	10Y	Since Inception
A Shares with 2.00% Sales Charge	-0.94%	5.08%	5.08%	4.00%	0.14%	1.73%	2.05%
A Shares without Sales Charge	1.12%	7.22%	7.22%	4.70%	0.55%	1.93%	2.19%
Institutional Shares	1.18%	7.60%	7.60%	5.00%	0.83%	2.21%	2.43%
Bloomberg U.S. MBS Index	1.71%	8.58%	8.58%	4.90%	0.15%	1.59%	1.92%
lipper U.S. Mortgage Median	1.45%	8.22%	8.22%	4.93%	0.15%	1.57%	---

Year-End Performance	2019	2020	2021	2022	2023	2024	2025
A Shares without Sales Charge	5.96%	4.43%	-1.30%	-9.26%	4.81%	2.14%	7.22%
Institutional Shares	6.23%	4.58%	-1.05%	-9.02%	5.07%	2.40%	7.60%
Bloomberg U.S. MBS Index	6.35%	3.87%	-1.04%	-11.81%	5.05%	1.20%	8.58%

**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.**

**Performance for Class A Shares and Institutional Shares for periods prior to inception on February 1, 2013 is based on performance of Class S Shares of the Fund which were re-designated as Institutional Shares as of February 1, 2013. The inception date for Class S Shares was June 30, 2011. 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.**

## 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
Government Related	0.3%	--
Agency	0.3%	--
Securitized	94.0%	100.0%
ABS	7.8%	--
CLO	3.9%	--
CMBS	17.5%	--
CMO	23.6%	--
MBS	41.1%	100.0%
Treasury	4.1%	--
Cash	1.6%	--
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.



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Quality Income Fund

Morningstar Style Box



12.31.2025

## Portfolio Management

**Michael Sun, CFA®**  
Executive Director | Co-Portfolio Manager  
Michael joined SCM in 2009 and has co-managed the Fund since February 2014. He has investment experience since 1998. Michael received a M.A. in Economics from Bowling Green State University, a M.S. in Urban and Regional Study from Beijing University, and a B.S. in Geography from Nanjing University. He holds the CFA® designation.

**Byron Mims, CFA®**  
Executive Director | Co-Portfolio Manager  
Byron joined SCM in 2012 and has co-managed the Fund since February 2016. He has investment experience since 2006. Byron is a summa cum laude graduate of North Carolina State University where he received a B.S. in Economics and was recognized as valedictorian. He holds the CFA® designation.

**Jeff Ormsby, CFA®**  
Executive Director | Co-Portfolio Manager  
Jeff joined SCM in 2011 and has co-managed the Fund since February 2016. He has investment experience since 2006. Jeff is a summa cum laude graduate of North Carolina State University where he received a B.S. in Economics and was recognized as valedictorian. He received a M.B.A. from UNC's Kenan-Flagler Business School, where he was the Norman Block Valedictorian Award recipient. 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

FNMA 30Y fs8829 4.500% 01-sep-2053	2.05%
FNMA 30Y fs9455 5.500% 01-nov-2054	2.00%
FHLMC 30Y sd6622 5.500% 01-nov-2054	1.99%
FNMA 30Y fs9535 5.0% 01-oct-2054	1.96%
FHLMC 30Y sd2473 5.0% 01-feb-2053	1.96%
GNMA REMIC Trust 2019-90 AB	1.95%
FHLMC 30Y sl1240 5.0% 01-apr-2055	1.77%
FNMA 30Y bw9905 4.500% 01-oct-2052	1.77%
FHLMC REMIC Series 4938 KA	1.68%
FNMA REMIC 2015-65 3.5% 25-sep-2045	1.67%

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

## Lipper U.S. Mortgage Category Based on Total Return as of 12.31.2025

	1Y	3Y	5Y	10Y
Lipper Ranking/Number of Funds in Category	138/185	78/169	31/151	18/117
Lipper Quartile (Percentile)	3rd (75%)	2nd (47%)	1st (21%)	1st (16%)

## Morningstar U.S. Intermediate Core 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	414	73/444	119/414	15/374	83/277
Morningstar Quartile (Percentile)		1st (18%)	2nd (34%)	1st (6%)	2nd (32%)

**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 Bloomberg U.S. MBS Index** covers the mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). It is formed by grouping the universe of individual fixed rate MBS pools into generic aggregates.

**The Lipper U.S. Mortgage Index** reflects the average time-weighted rate of return of a representative group of U.S. mortgage funds over time. Refinitiv™ Lipper® defines a U.S. mortgage fund as a fund that invests primarily in U.S. government agency and/or non-agency mortgage-backed securities. 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.

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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.)

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