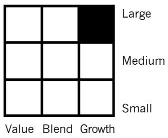
STERLING CAPITAL FUNDS




# Special Opportunities Fund

A Shares (BOPAX) *Inception Date 06/02/03*
C Shares (BOPCX) *Inception Date 06/02/03*
I Shares (BOPIX) *Inception Date 06/02/03*

## Fund Statistics

**TOTAL NET ASSETS:** $649,506,736

| | |
|---|---|
| Weighted Average P/E[1] | 14.37 |
| Weighted Average P/B[2] | 2.97 |
| Average Market Capitalization | $33.2B |
| Turnover Rate[3] | 28.00% |
| Number of Stock Holdings | 28 |

## Total Expense Ratio

| | |
|---|---|
| A Shares (BOPAX) | 1.30% |
| C Shares (BOPCX) | 2.05% |
| I Shares (BOPIX) | 1.05% |

## Risk/Return vs. S&P 500

### Since Inception

| | |
|---|---|
| Alpha[4] | 5.72 |
| Beta[5] | 0.93 |
| R-Squared[6] | 0.82 |
| Standard Deviation[7] | 15.65 |
| Sharpe Ratio[8] | 0.61 |
| Capture Ratio Up[9] (I Shares) | 131.16% |
| Capture Ratio Down[9] (I Shares) | 92.89% |

**Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For a prospectus with this and other information about the Fund, please call (888) 228-1872 or visit our web site at www.sterlingcapitalfunds.com. Read the prospectus carefully before investing.**

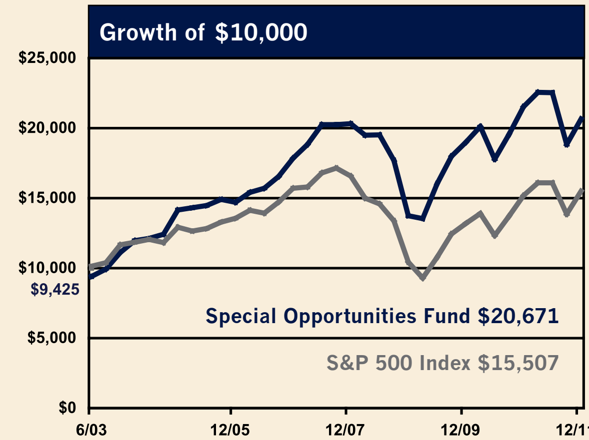
| Fund Performance | Qtr | YTD | 1 Year | 3 Years | 5 Years | Since Inception |
|---|---|---|---|---|---|---|
| A Shares without Sales Charge | 9.77% | -4.02% | -4.02% | 14.55% | 2.98% | 9.58% |
| A Shares with 5.75% Sales Charge | 3.46% | -9.52% | -9.52% | 12.32% | 1.78% | 8.83% |
| I Shares | 9.87% | -3.71% | -3.71% | 14.84% | 3.24% | 9.86% |
| S&P 500 Index | 11.82% | 2.11% | 2.11% | 14.11% | -0.25% | 5.24% |
| Lipper Large-Cap Core Median | 11.25% | -0.50% | -0.50% | 12.80% | -0.71% | - |
| Lipper Ranking / Funds in Category | - | 860/1066 | 860/1066 | 177/958 | 9/827 | - |
| Lipper Quartile (Percentile) | - | 4 (81%) | 4 (81%) | 1 (19%) | 1 (2%) | - |

**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, please visit www.sterlingcapitalfunds.com. Lipper Rankings are based on A Shares.**

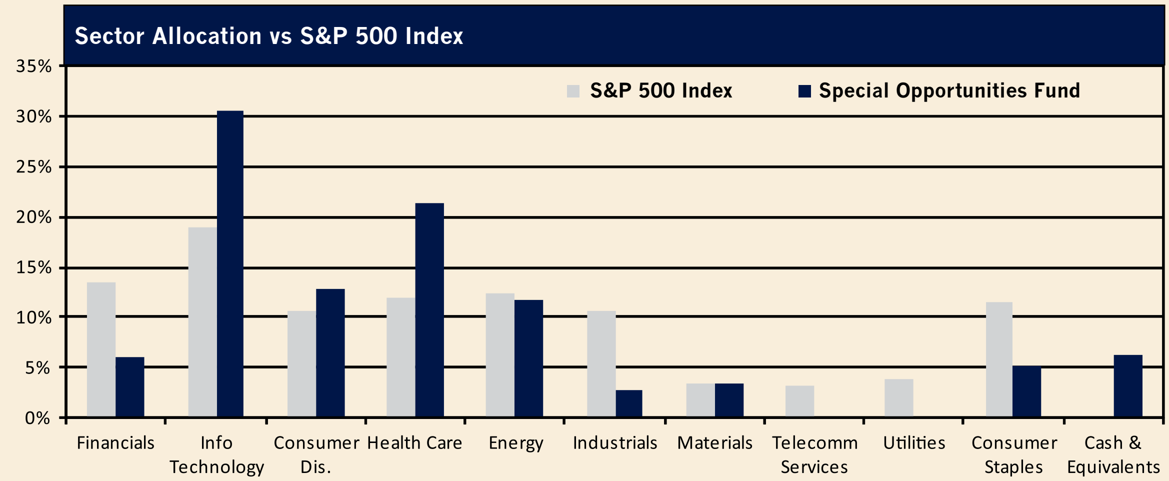
Lipper rankings are based on average annual total returns, including the reinvestment of dividends and capital gains (not including sales charges) for the periods indicated and compare total return performance with that of other funds in the category.

| Year-End Returns | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|
| A Shares w/out Sales Charge | 27.38% | 3.85% | 21.41% | 13.89% | -32.33% | 38.22% | 13.30% | -4.02% |
| I Shares | 27.78% | 4.10% | 21.74% | 14.11% | -32.15% | 38.49% | 13.58% | -3.71% |
| S&P 500 Index | 10.88% | 4.91% | 15.79% | 5.49% | -37.00% | 26.46% | 15.06% | 2.11% |

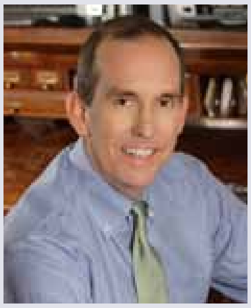
| Top Ten Holdings | Weighting |
|---|---|
| 1. Merck & Co., Inc. | 4.90% |
| 2. Comcast Corp., Class A | 4.75% |
| 3. Unitedhealth Group, Inc. | 4.74% |
| 4. Gilead Sciences, Inc. | 4.59% |
| 5. Activision Blizzard, Inc. | 4.44% |
| 6. Teva Pharmaceutical Industries, Ltd., ADR | 4.32% |
| 7. Adobe Systems, Inc. | 4.29% |
| 8. Ford Motor Co. | 4.19% |
| 9. eBay, Inc. | 4.00% |
| 10. Cisco Systems, Inc. | 3.99% |




Current and future portfolio holdings are subject to change and risk. The Growth of $10,000 chart is hypothetical based upon the performance of A Shares less the maximum sales charge for the period ended 12/31/11. It includes the reinvestment of dividends and capital gains. It does not reflect the deduction of other fees and expenses, in which case the performance would have been lower.




The composition of the Fund's holdings is subject to change. Percentages are based on securities at market value.



## Portfolio Management

### George F. Shipp, CFA

*Chief Investment Officer*
*Scott & Stringfellow, LLC (subadviser)*

George has been the Sterling Capital Special Opportunities Fund manager since inception (2003) and also manages the Sterling Capital Equity Income Fund. He has investment experience since 1982. George is a graduate of the University of Virginia and received his MBA at the Darden Graduate School of Business.

The Investment Team supporting the Sterling Capital Equity Income Fund has more than 123 combined years of investment experience:

- Adam B. Bergman, CFA
- Joshua L. Haggerty, CFA
- R. Griffith Jones, Jr.
- Farley C. Shiner, CFA
- Colin R. Ducharme, CFA
- Guy W. Ford, CFA
- Michael S. Peasley, CFA

**"We aggressively pursue attractive opportunities wherever they can be found, limiting ourselves to neither a particular sector nor a single investing style. From a universe of 6,000 publicly traded companies, we build a concentrated portfolio blending relatively young growth stocks marked by above average revenue and earnings growth potential, with larger, more established value stocks that are out of favor for reasons we believe to be only temporary. We aim to build a portfolio marked by diversification, above-average fundamentals and below-market risk characteristics."**

## Firm Overview

Sterling Capital Management LLC is a registered investment advisor founded in 1970. An investment firm, Sterling is an independently operated subsidiary of BB&T Corporation, one of the nation's largest financial services holding companies. Sterling is headquartered in Charlotte, NC with offices in Raleigh, NC, Atlanta, GA, Washington, D.C., and San Francisco, CA. As of 12/31/11, Sterling has over $34 billion in assets under management overseen by 83 investment and client service professionals.

Choice Asset Management is an investment advisory division of Scott & Stringfellow LLC, a Registered Investment Advisor and Broker-Dealer, and is a wholly owned nonbank subsidiary of BB&T Corporation. Founded in 2000, Choice has over $4 billion in assets under management overseen by a team of 8 investment professionals with significant depth and industry experience. Sterling Capital has hired Choice to sub-advise both the Sterling Capital Equity Income and Special Opportunities Funds.

## Investment Objective

The Fund's management team utilizes fundamental analysis overlaid with top-down macroeconomic trends. The team is style and capitalization neutral when selecting companies. The Fund's objective is capital appreciation with above average returns and below average risk. It has a concentrated portfolio of 24-30 stocks and has the flexibility to shift among styles and differing market caps (large, small, mid, growth or value) to achieve best perceived combination of underlying growth potential at the lowest available valuation. The management team utilizes screens and various forms of research to search for stocks that meet valuation, growth and financial strength objectives and identify themes that transcend day-to-day economic news flows.

Valuation is a key determinant for stocks to enter portfolio. The team looks for below average valuations (P/E) with above average earnings with below average risk and above average returns (ROE).

## Investment Considerations

The Fund is subject to investment style risk which depends where the Fund is primarily invested. An investment in growth stocks may be particularly sensitive to market conditions while value stocks may be undervalued for longer than anticipated. The Fund may invest in foreign securities subject to risks such as currency volatility, political and social instability or small capitalization companies subject to greater volatility and less liquidity due to limited resources or product lines. The Fund may engage in writing covered call options. By selling covered call options, the Fund limits its opportunity to profit from an increase in the price of the underlying stock above the exercise price, but continues to bear the risk of a decline in the stock. While the Fund receives premiums for writing the call options, the price it realizes from the exercise of an option could be substantially below a stock's current market price.

[1]**Weighted Average P/E:** A weighted average ratio used to compare the price of a fund's stocks with their per-share earnings. A higher price per earnings ratio indicates the market has belief that a company has the ability to increase its earnings.

[2]**Weighted Average P/B:** A weighted average 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.

[3]**Portfolio Turnover Rate:** A measure of how frequently assets within a fund are bought and sold by the managers. The Turnover Rate used in this document is calculated for one year as of 12/31/11.

[4]**Alpha:** Alpha measures performance on a risk-adjusted basis by comparing it to the benchmark index.

[5]**Beta:** Beta attempts to measure the relative risk. A Beta rating above 1.0 indicates greater volatility than the market. A Beta rating below 1.0 indicates lower volatility than the market.

[6]**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.

[7]**Standard Deviation:** A statistical measurement showing how widely the returns varied over a certain period of time. When a fund has a high standard deviation, the predicted range of performance implies greater volatility.

[8]**Sharpe Ratio:** The measurement of a fund's excess return. This helps determine if a fund's returns are due to sound investment decisions or excess risk. The greater a fund's Sharpe ratio, the better its risk-adjusted performance has been.

[9]**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.