

Listed below are Sterling Capital Funds that, as of the latest calendar year, had ordinary income (i.e., dividend income plus short-term capital gains, if any) that would qualify for the corporate dividends-received deduction for 2016. The right column lists the percentage of each fund's qualifying ordinary income (% DRD).

Subject to certain restrictions, for Federal Income Tax purposes the Internal Revenue Code allows a corporate shareholder to deduct 70% of qualifying dividend income received from domestic corporations. To determine the amount of dividends qualifying for this deduction, multiply the % DRD (shown in the table below) by the amount of your total ordinary dividends. Ordinary dividends of a mutual fund include net short-term capital gains and foreign taxes

Calendar 2016			
	% DRD		% DRD
Behavioral Small Cap Value Equity Fund	88.33%	Virginia Intermediate Tax-Free Fund	0.00%
Behavioral Large Cap Value Equity Fund	100.00%	West Virginia Intermediate Tax-Free Fund	0.00%
Mid Value Fund	70.62%	Securitized Opportunities Fund	0.00%
SMID Opportunities Fund	100.00%	Corporate Fund	0.36%
Special Opportunities Fund	100.00%	Ultra Short Bond Fund	0.00%
Equity Income Fund	100.00%	Behavioral International Equity Fund	0.01%
Short Duration Bond Fund	0.30%	Long/Short Equity Fund	0.00%
Intermediate U.S. Government Fund	0.00%	Diversified Income Fund	7.51%
Total Return Bond Fund	0.59%	Strategic Allocation Balanced Fund	19.44%
Kentucky Intermediate Tax-Free Fund	0.00%	Strategic Allocation Growth Fund	23.25%
Maryland Intermediate Tax-Free Fund	0.00%	Stratton Mid Cap Value Fund	100.00%
North Carolina Intermediate Tax-Free Fund	0.00%	Stratton Real Estate Fund	1.38%
South Carolina Intermediate Tax-Free Fund	0.00%	Stratton Small Cap Value Fund	100.00%

Fund share values are sensitive to stock market volatility. Market conditions may limit the ability to generate tax losses or to generate dividend income taxed at favorable tax rates. The Fund's ability to utilize various tax-managed techniques may be curtailed or eliminated in the future by tax legislation or regulation. No Fund is a complete investment program and you may lose money investing in a Fund. A Fund may engage in other investment practices that may involve additional risks and you should review the Fund prospectus for a complete description.

Before investing, investors should consider carefully the investment objectives, risks, charges and expenses of a mutual fund. This and other important information is contained in the prospectus and summary prospectus, which can be obtained from a financial advisor. Prospective investors should read the prospectus carefully before investing. To obtain more information, please call 800-228-1872 or visit us online at www.sterlingcapitalfunds.com.

Sterling Capital does not provide tax or legal advice. Prospective investors should consult with a tax or legal advisor before making any investment decision.

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