



12.31.2018

**Overall Morningstar Rating™**



Overall rating based on risk-adjusted returns against 223 Morningstar US Fund Real Estate Funds as of 12.31.2018, derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics. (STMDX)

**FUND FACTS**

**Investment Objective:**

Seeks total return through investment in real estate securities.

Total Net Assets	\$83,878,538
Number of Holdings	42
Weighted Average P/FFO	20.89
Weighted Average P/ReNAV	0.90
Weighted Average Market Cap	\$15.3 B
Active Share	59.42
Turnover	10%

**TOTAL EXPENSE RATIO**

A Shares (STMMX)	1.07%
C Shares (STMOX)	1.82%
Inst'l Shares (STMDX)	0.82%

**RISK/RETURN STATISTICS VS. FTSE NAREIT ALL EQUITY REIT INDEX**

**10-Year**

Alpha	1
Beta	0.88
R Squared	97.26
Standard Deviation	18.14
Sharpe Ratio	0.66
Capture Ratio Up	95.02
Capture Ratio Down	94.93

**30-DAY SEC YIELD**

A Shares (STMMX)	2.87%
Inst'l Shares (STMDX)	3.32%

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**

Under normal circumstances, the fund seeks to achieve its objective by investing at least 80% of its assets in securities of real estate and real estate related companies, or in companies which own significant real estate assets at the time of purchase ("real estate companies") including Real Estate Investment Trusts ("REITs").

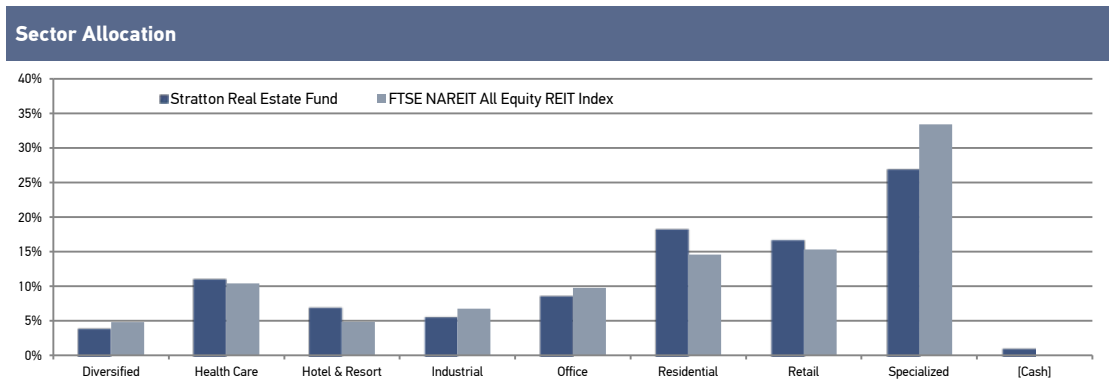
REITs were created to enable investors to seek the benefits of owning income-producing real estate. REITs own many different types of properties, including apartment complexes, office buildings, hotels, health care facilities, shopping centers and shopping malls.

Fund Performance 12.31.2018	QTR	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
A Shares with 5.75% Sales Charge	-11.17%	-8.61%	-8.61%	1.99%	7.15%	11.48%	9.61%
A Shares without Sales Charge	-5.75%	-3.04%	-3.04%	4.03%	8.42%	12.14%	9.77%
Institutional Shares	-5.68%	-2.78%	-2.78%	4.29%	8.59%	12.23%	9.80%
FTSE NAREIT All Equity REIT Index	-6.06%	-4.04%	-4.04%	4.24%	8.32%	12.53%	--
Lipper Real Estate Median	-6.76%	-5.67%	-5.67%	1.86%	6.93%	11.58%	--

Year-End Returns	2010	2011	2012	2013	2014	2015	2016	2017	2018
A Shares without Sales Charge	22.60%	5.19%	18.78%	2.35%	30.69%	1.83%	7.98%	7.54%	-3.04%
Institutional Shares	22.60%	5.19%	18.78%	2.35%	30.69%	1.85%	8.22%	7.81%	-2.78%
FTSE NAREIT All Equity REIT Index	27.95%	8.28%	19.70%	2.86%	28.03%	2.83%	8.63%	8.67%	-4.04%

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

**Performance for Class A is based on the performance of the Institutional Shares of the Predecessor Fund. 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.**



Allocations are based on the current weight to funds in the cited Sector. 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](http://www.sterlingcapital.com). Read the prospectus carefully before investing.**



**STRATTON REAL ESTATE FUND**



**Portfolio Management**

**Andrew T. DiZio, CFA®**

Director  
Lead Portfolio Manager

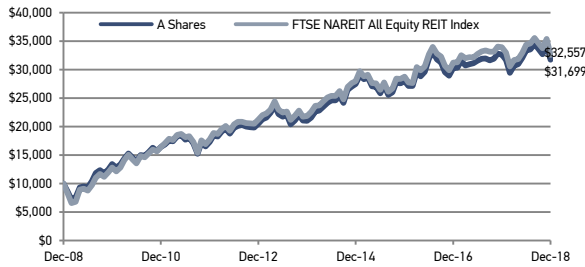
Andrew joined The Stratton Funds team of Stratton Management Company in 2012 and Sterling Capital Management as part of a business acquisition in August 2015. He has investment experience since 2003. He is a graduate of Pennsylvania State University where he received his BS in Finance with a minor in Economics. He is a CFA® charterholder.

**Shawn M. Gallagher, CFA®**

Director  
Associate Portfolio Manager

Shawn joined The Stratton Funds team of Stratton Management Company in 2005 and Sterling Capital Management as part of a business acquisition in August 2015. He has investment experience since 2003. Shawn is a graduate of Pennsylvania State University where he received his BS in Finance. He is a CFA® charterholder.

**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 12.31.2018. It includes the reinvestment of dividends and capital gains.

**Top Ten Equity Holdings**

1. Simon Property Group, Inc.	7.15%
2. Crown Castle International Corp.	6.07%
3. Equinix, Inc.	4.09%
4. Digital Realty Trust, Inc.	3.82%
5. Ventas, Inc.	3.72%
6. Essex Property Trust, Inc.	3.67%
7. UDR, Inc.	3.46%
8. Welltower, Inc.	3.07%
9. Alexandria Real Estate Equities, Inc.	2.76%
10. Liberty Property Trust	2.66%

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

**Lipper Real Estate Category**

Based on Total Return as of 12.31.2018

	1 Year	3 Years	5 Years	10 Years
Lipper Ranking / Number of Funds in Category	16 / 248	19 / 220	11 / 194	25 / 136
Lipper Quartile (Percentile)	1st (7%)	1st (9%)	1st (6%)	1st (19%)

**Morningstar Real Estate Category**

Based on Risk-Adjusted Returns as of 12.31.2018

	Overall Rating	1 Year	3 Years	5 Years	10 Years
Institutional Shares Morningstar Rating™	★★★★★	--	★★★★★	★★★★★	★★★★★
Morningstar Ranking / Number of Funds In Category	223	12 / 251	18 / 223	11 / 193	22 / 139
Morningstar Quartile (Percentile)		1st (8%)	1st (9%)	1st (6%)	1st (22%)

**Firm Overview**

Sterling Capital Management LLC is a registered investment adviser 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.; Philadelphia, PA; San Francisco, CA; Richmond, VA; and Virginia Beach, VA. As of 12.31.2018, Sterling has \$56 billion in assets under management overseen by 132 investment and client service professionals.

**Investment Considerations**

Real Estate Funds may be subject to a higher degree of market risk because of concentration in a specific industry or geographic sector. Risks include declines in value of real estate, general and economic conditions, changes in the value of the underlying property and defaults by borrowers.

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: **Weighted Average P/FFO:** Funds from operations, or FFO, is considered by industry analysts as an appropriate measure of earnings performance for an equity REIT. Generally, FFO adjusts net income for non-cash charges such as depreciation and amortization of rental properties, impairment charges, gains/losses on sales of real estate, and extraordinary items. FFO is not a generally accepted account principle (GAAP), but has been defined by the National Association of Real Estate Investment Trusts (NAREIT) as a standard measure since 1991. **Weighted Average P/ReNAV:** Real Estate Net Asset Value, or ReNAV, is a commonly used metric to estimate the adjusted book value of a Real Estate Investment Trust (REIT). NAV is the mark-to-market value of a company's common equity calculated by applying an estimate of private market values to the company's real estate and other assets and deducting all liabilities. NAV is often presented on a per-share basis. **Portfolio Turnover Rate:** A measure of how frequently assets within a fund are bought and sold by the managers. **Alpha:** measure of performance on a risk-adjusted basis by comparing it to the benchmark index. **Beta:** A measure of relative risk. A Beta rating above 1.0 indicates greater volatility than the market while below 1.0 indicates lower volatility. **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. **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, it may imply greater volatility. **Sharpe Ratio:** The measurement of a fund's excess return due to sound investment decisions or excess risk. The greater a fund's Sharpe ratio, the better its risk-adjusted performance has been. **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.

Sterling Capital Management LLC a separate subsidiary of BB&T 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, Branch Banking and Trust Company 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 Branch Banking and Trust Company or its affiliates.