

The Sterling Group, L.P.

Part 2A of Form ADV The Brochure

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This brochure provides information about the qualifications and business practices of The Sterling Group, L.P. If you have any questions about the contents of this brochure, please contact us at 713-877-8257. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about The Sterling Group, L.P. is also available on the SEC's website at:
www.adviserinfo.sec.gov.

Item 2 – Material Changes

This brochure contains information about The Sterling Group, L.P. and there have been no material changes since its adoption.

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Item 4 – Advisory Business

The Sterling Group, L.P. (together with its general partner, “Sterling Group”), a Texas limited partnership, together with any predecessors, has been in business since 1981 and is a private investment management firm that provides investment advisory services to private investment funds. The Sterling Group GP, LLC, a Delaware limited liability company, acts as the general partner of the Sterling Group. Sterling Group is not principally owned by any one individual or entity.

Sterling Group’s affiliated entities serve as the general partners of Sterling Group Partners I, L.P., Sterling Group Partners II, L.P., and Sterling Group Partners III, L.P., all Delaware limited partnerships or Cayman Islands exempted limited partnerships (together with their parallel investment vehicles, alternative investment vehicles and any future private investment fund managed by Sterling, the “Private Investment Funds”). The Private Investment Funds have

entered into management agreements with Sterling Group Management, L.P. (“Sterling Management”) and Sterling Group Management III, L.P. (“Sterling Management III”) to provide investment advisory services. Sterling Group, Sterling Management, and Sterling Management III are collectively referred to herein as “Sterling.” Sterling Management, Sterling Management III and the general partners of the Private Investment Funds do not have any employees of their own. As a result, Sterling Management and Sterling Management III have entered into sub-management agreements with Sterling Group to provide investment advisory services. Pursuant to the sub-management agreements described above, all investment advisory services are performed by employees of Sterling Group.

Each Private Investment Fund may also have related investment vehicles, including co-investment vehicles. The relevant governing documents of each Private Investment Fund permit the general partner of the Private Investment Fund to form one or more co-investment vehicles for the purpose of investing in some or all of the investments made by the Private Investment Fund. The Private Investment Funds have formed such co-investment vehicles. Depending on the structure of the co-investment vehicles, Sterling may have discretion with respect to co-investment acquisitions or dispositions.

The Private Investment Funds are managed following a private equity strategy and invest through negotiated transactions in operating entities. Sterling’s investment advisory services to the Private Investment Funds consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring portfolio companies and achieving dispositions for such investments. Investments are made predominately in non-public companies, although investments in public companies are permitted. Sterling personnel may serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies held by the Private Investment Funds.

Sterling formulates the investment objective for each Private Investment Fund, directs and manages the investment and reinvestment of each Private Investment Fund’s assets, and provides periodic reports to investors in each Private Investment Fund. Investment advice is provided directly to each Private Investment Fund and not individually to the limited partners of the Private Investment Fund. The terms upon which Sterling and its affiliates serve as investment manager and general partner of a Private Investment Fund are established at the time of the organization of each Private Investment Fund and are generally set forth in the governing documents of such Private Investment Fund. Sterling’s investment strategies are discussed in further detail under Item 8 - *Methods of Analysis, Investment Strategies and Risk of Loss* below. Investors in Private Investment Funds participate in the overall investment program for the applicable fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints.

As of December 31, 2011, Sterling managed approximately \$1.2 billion in client assets on a discretionary basis.

Item 5 – Fees and Compensation

Management Fees and Performance Compensation

Sterling receives both a management fee and a performance fee for providing investment advisory services to the Private Investment Funds. Such fees differ for each Private Investment Fund, are negotiated with certain of the participating investors in each Private Investment Fund at the time of its organization and are generally not negotiable thereafter. Detailed information regarding the fees charged to each Private Investment Fund is provided in each Private Investment Fund's offering documents and governing documents. Sterling does not typically receive a management fee or performance compensation from the co-investment vehicles. General descriptions of such fees are provided below.

Management Fees

Management fees charged to each Private Investment Fund are generally payable quarterly in advance, are non-refundable, and are pro-rated for any period that is less than a full calendar quarter.

The management fee charged to each Private Investment Fund is specified in the governing documents of such Private Investment Fund and is determined based upon a percentage of capital commitments to such Private Investment Fund during its investment period. The Private Investment Funds will pay Sterling an annual management fee equal to a maximum of 2.0% of the capital commitments of any fund investor (subject to reduction over time and to potential reductions due to waivers and offsets under certain circumstances) commencing from the initial closing of a Private Investment Fund (whether or not a fund investor was admitted at an initial or subsequent closing) until all portfolio investments are distributed. Each limited partner in a Private Investment Fund is billed for such limited partner's pro rata portion of the management fee.

Certain of the Private Investment Funds permit Sterling to elect to receive a portion of the management fees in the form of a credit to its capital account in the Private Investment Fund.

Performance Compensation

Each Private Investment Fund pays the general partner of such Private Investment Fund a carried interest of 20% of profits on distributions derived from the disposition of investments or securities, after accounting for expenses and a preferred return to limited partners of 8% per annum. The carried interest is paid to the general partner at the time of and out of the distribution of profits to limited partners. Carried interest that has been paid is subject to clawback under certain circumstances as set forth in each Private Investment Fund's governing documents.

General

While Sterling's fees are generally not negotiable, the firm reserves the right to waive its fees for certain investors. In particular, the management fee and the carried interest for certain limited

partners in the Private Investment Funds who are key employees of Sterling or family members of such key employees, may be waived or reduced at the discretion of Sterling.

Other Expenses

In addition to management and performance compensation, each Private Investment Fund (and indirectly its limited partners) is required to pay all fees and expenses relating to the Private Investment Fund's activities, investments and business to the extent not paid by portfolio companies. Such fees and expenses will vary, but typically will include those associated with making or selling portfolio investments, legal and accounting fees, taxes, fund administration fees, commissions and brokerage fees, registration expenses, the cost of directors' and officers' liability insurance and other expenses such as litigation or broken deal expenses.

Each Private Investment Fund (and indirectly its limited partners) is responsible for the costs and expenses relating to the organization of such Private Investment Fund, including travel, printing, legal, filing and accounting fees and expenses, up to a certain amount, as described in the offering materials and/or governing documents of such Private Investment Fund. Any such organizational expenses paid by a Private Investment Fund in excess of the specified amount for each Private Investment Fund will be applied to reduce management fees payable by such Private Investment Fund. A Private Investment Fund is also required to pay any placement agent fees that are incurred in connection with the marketing and offering of interests in such Private Investment Fund, provided, that any such payments will be applied to reduce the management fee payable by the Private Investment Fund, as described under Item 14 – *Client Referrals and Other Compensation*.

Other Compensation

Sterling may receive transaction fees, director's fees, consulting fees, monitoring fees and other similar fees from the Private Investment Funds' portfolio companies (collectively, "Advisory Fees") and may also receive "breakup" fees in connection with transactions which are not consummated. A percentage of the Advisory Fees Sterling receives will be applied to reduce the quarterly management fee payable by the applicable Private Investment Funds, and "breakup" fees will be used to pay or reimburse the applicable Private Investment Funds for costs and expenses incurred by such Private Investment Fund in connection with any transaction (whether or not consummated) for which such Private Investment Fund has not previously been reimbursed, in each case as detailed in the governing documents of the Private Investment Funds.

Item 6 – Performance Based Fees and Side-by-Side Management

As discussed under Item 5 - *Fees and Compensation* above, each Private Investment Fund pays a carried interest of up to 20% to the general partner of such Private Investment Fund. The Sterling general partners' receipt of performance fees may create an incentive for Sterling and its affiliates to make more speculative investments than it would otherwise make in the absence of performance-based compensation. In order to minimize adverse consequences that might result from this risk, Sterling, through its affiliates, manage each Private Investment Fund in accordance with the investment strategies it has developed for such Private Investment Fund. Furthermore, Sterling and its affiliates disclose to investors the risks associated with the payment of a

performance fee, as well as the risks inherent in the investment strategies of a Private Investment Fund, in the offering documents for such Private Investment Fund.

Item 7 – Types of Clients

Sterling provides investment advice to Private Investment Funds. Private Investment Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in Private Investment Funds may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, partners or other personnel of Sterling and its affiliates.

The Private Investment Funds generally have a minimum investment amount of \$5 million for third-party investors, and Private Investment Fund interests are offered and sold solely to qualified purchasers, accredited investors who are also qualified clients or qualified knowledgeable Sterling personnel. Such minimum investment amount may be waived by Sterling's affiliates in its capacity as general partner or managing partner of a Private Investment Fund.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategies and Methods of Analysis

Sterling is a private equity investment firm specializing in acquiring controlling interests in middle-market companies and improving them through a combination of strategic and operational initiatives.

Once Sterling has identified a potential control investment opportunity, it will undertake a comprehensive due diligence process, consisting of the following components:

- Preparation of a preliminary financial model and collecting and analyzing industry, company specific and management information;
- Thorough study of the target company's industry, market share, competitive strengths and weaknesses, and internal operations, utilizing industry professionals or consultants to supplement internal findings and opinions where appropriate.
- Assessment of the target's management team, and, if management is underqualified (or does not exist) initiation of a search for qualified candidates. In these circumstances, Sterling will confirm that it can provide the operating resources to temporarily assume management responsibilities until qualified personnel are hired.
- Evaluation of the internal operations of the business, including (i) understanding components of cost and customer and product line profitability; (ii) identifying opportunities to streamline manufacturing processes and improve capacity utilization; (iii) identifying opportunities to improve product mix and quality; and (iv) developing strategic plans for internal growth and growth through acquisitions.

- Confirmatory due diligence conducted by outside professionals on matters such as accounting, tax, legal, environmental, human resources, technical (if necessary), risk management and employee benefits.

As part of Sterling's investment strategy, after making an investment, Sterling will begin implementing a long-term operating strategy that identifies priorities and goals, attracts and motivates a superior management team, and addresses manufacturing, financial controls and systems, sales and marketing, and product development needs. Sterling closely monitors each portfolio company's performance and holds management accountable for the achievement of performance targets.

Risk of Loss and Risks Associated with the Investment Strategy

An investment in any Private Investment Fund may be deemed a speculative investment, and is designed for sophisticated investors who fully understand and are capable of bearing the risk of an investment in such Private Investment Fund. No guarantee or representation is made that the Private Investment Fund will achieve its investment objective or that limited partners will receive a return of their capital. Interests in a Private Investment Fund will not be registered under the federal securities laws and their transfer will be limited under federal and state securities laws and under the terms of the governing documents of such Private Investment Fund. There will be no public or private market in which Private Investment Fund interests may be sold. Consequently, each limited partner should view any investment in a Private Investment Fund as a long-term investment which it may not be able to liquidate for an indefinite period of time. Investors in any Private Investment Fund should be prepared to bear the loss of their investment.

Sterling's investment strategies and methods of analysis involve numerous risks that an investor or prospective investor should consider before making an investment in any Private Investment Fund that employs such strategies and methods of analysis. Set forth below is a description of some of these material risks. The following list of material risks is not intended to be an exhaustive list of the risks relating to Sterling's investment strategies and methods of analysis, and the descriptions of such risks herein are not intended to be comprehensive. Investors and prospective investors in any Private Investment Fund should review the offering documents with respect to such Private Investment Fund for a detailed description of the risks associated with an investment in such Private Investment Fund.

Investments in the Private Investment Funds are subject to many material risks, including the following:

General Business and Management Risk

Investments in portfolio companies subject the Private Investment Funds to the general risks associated with the underlying businesses, including market conditions, changes in regulatory requirements, reliance on management at the company level, interest rate and currency fluctuations, general economic downturns, domestic and foreign political situations and other factors. With respect to management at the portfolio company level, many portfolio companies rely on the services of a limited number of key individuals, the loss of any one of whom could significantly and adversely affect the portfolio company's performance. While in all cases Sterling will monitor

the management of portfolio companies, the day-to-day management of the portfolio companies is the responsibility of such portfolio company's executives and officers.

Risk of Limited Number of Investments and Portfolio Valuation

Since each Private Investment Fund may only make a limited number of investments and such investments generally will involve a high degree of risk, poor performance by even a single portfolio company could severely affect the total returns to investors.

Competitive Market for Investment Opportunities

The Private Investment Funds will be competing with a significant number of private equity funds, as well as institutional investors, for suitable investments. As a result of this competition, there can be no assurance that the Private Investment Funds will be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration, achieve their targeted rate of return or fully invest their respective committed capital.

Liquidity Issues

The Private Investment Funds will invest in certain instruments where there is likely to be no actively traded market. Moreover, many of the Private Investment Funds' investments may be held by relatively few other investors. Under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer or of the asset, the Private Investment Funds may find it more difficult to sell such instruments when Sterling believes it advisable to do so or may be forced to sell them at prices lower than if the instruments were widely held. Thus, the range of disposal strategies available to the Private Investment Funds may be further limited. Finally, dispositions of investments may be subject to contractual and other limitations on transfer, or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms obtainable upon a disposition.

Leverage

The Private Investment Funds' investments are expected to include portfolio companies whose capital structures may have significant leverage. Although the portfolio companies will seek to use leverage in a manner they believe to be prudent, the leveraged capital structure of such portfolio companies will increase the exposure of the portfolio companies to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the conditions of the portfolio company or its industry. Further, leveraged buyouts by their nature require companies to undertake a high ratio of fixed charges to available income. Such investments are inherently more sensitive to declines in revenues and to increases in expenses. If a portfolio company defaults on its indebtedness, lenders may foreclose and a Private Investment Fund could lose its entire investment in such portfolio company.

Valuation of Assets

Most of the securities owned by the Private Investment Funds are not publicly traded and are required to be fair valued by Sterling. When estimating fair value, Sterling will apply a

methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. Valuations are subject to levels of review and final approval by the valuation committee comprised of certain senior Sterling Group personnel, including its Chief Compliance Officer.

Item 9 – Disciplinary Information

Sterling and its management persons have not been involved in legal or disciplinary events in the past 10 years that would be material to an investor's evaluation of Sterling or its personnel.

Item 10 – Other Financial Industry Activities and Affiliations

As discussed above, Sterling provides investment advice to the Private Investment Funds. Otherwise, Sterling and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

Sterling's employees and related persons may serve as directors and officers of, and provide advice to, publicly traded companies and private companies. The Private Investment Funds should be aware that receipt of material non-public information by Sterling's employees and related persons regarding these companies could preclude Sterling from effecting transactions in the securities of such companies.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Sterling employees are subject to a Code of Ethics (the "Code"). The Code prohibits personnel from engaging in personal investment activities which compete with or attempt to take advantage of planned portfolio transactions. Among the objectives of the Code is for Sterling to act in its clients' best interests. As such, Sterling employees are prohibited from using the influence of their position to obtain a personal trading advantage.

Subject to certain exceptions consistent with industry requirements (e.g., U.S. government securities, open-end investment companies, etc.), the Code requires employees to report securities transactions each quarter in accounts in which they have a "beneficial interest." Employees must also report any newly opened accounts on an ongoing basis. Additionally employees certify annually in writing regarding holdings and existing accounts as well as compliance with the terms of the Code. The Code also requires employees to receive preclearance before entering into purchases and sales (investments and redemptions) involving IPOs or Private Placements. A copy of the Code is available to clients and prospective clients upon request. Investors or prospective investors may obtain a copy of the Code by sending a written request to Sterling Group's Chief Compliance Officer at the address set forth on the cover page of this Brochure.

Sterling and/or its affiliates have an economic interest in the Private Investment Funds and these funds may have different investment objectives or considerations. Decisions as to purchases and sales for each Private Investment Fund are made separately and independently in light of

their respective objectives and purposes and may differ, depending on the fund. As such, investment decisions made on behalf of one fund may not always be consistent with investment decisions made on behalf of another fund.

It is possible that Sterling personnel may personally invest in some of the same investments that are held by a Private Investment Fund. Such Sterling personnel must obtain the pre-approval of the Chief Compliance Officer before engaging in any transaction in such securities so that the Chief Compliance Officer may evaluate any conflicts of interest or other issues resulting from the employee's proposed ownership or disposition. Sterling personnel may also own investments that are subsequently purchased for a Private Investment Fund. In such case, any disposition of such investment is subject to the pre-approval of the Chief Compliance Officer.

Item 12 – Brokerage Practice

Sterling focuses on making investments in private securities, thus it does not ordinarily deal with a financial intermediary such as a broker-dealer in connection with the execution of transactions in public securities, and commissions are not ordinarily payable in connection with such investments. To the extent Sterling transacts in public securities for portions of the Private Investment Funds, it intends to select brokers based upon the broker's ability to provide best execution for the Private Investment Funds. Sterling is generally authorized to make the following determinations, subject to the Private Investment Funds' investment objectives and restrictions, without obtaining prior consent from the relevant Private Investment Fund or any of their investors: (i) which securities or other instruments to buy or sell; (ii) the total amount of securities or other instruments to buy or sell; (iii) the executing broker or dealer for any transaction; and (iv) the commission rates or commission equivalents charged for transactions.

In making its decisions regarding the allocation of brokerage transactions for Private Investment Funds, Sterling will consider a variety of factors including but not limited to: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker-dealer or counter party; and (iv) the competitiveness of commission rates in comparison with other broker-dealers. Although Sterling generally seeks competitive commission rates and commission equivalents, including mark-ups, it will not necessarily pay the lowest commission or equivalent. Transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions and equivalents than would be the case for more routine services.

Brokers through which Sterling effects transactions may provide Sterling with investment research and other products and services that are generally made available to all institutional investors doing business with such brokers. These bundled services are made available to Sterling on an unsolicited basis and without regard to the rates of commissions or spreads charged or paid by Sterling or the volume of business Sterling directs to such broker-dealers. Since these products and services are merely made available by brokers as part of a bundled business package to Sterling, which may or may not use them, it is Sterling's understanding that such brokers do not set discrete prices for such products and services. Accordingly, Sterling does not separately compensate such brokers for the

provision of such services and does not believe that it “pays-up” for such brokers’ services since the brokers do not break out the costs for such services.

From time to time, Sterling may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Private Investment Fund of Sterling is favored over any other Private Investment Fund. When an aggregated order is filled in its entirety, each participating Private Investment Fund generally will receive the average price obtained on all such purchases or sales made during such trading day.

Item 13 – Review of Accounts

The investments made by the Private Investment Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, Sterling closely monitors companies in which the Private Investment Funds invest and generally maintains an ongoing oversight position in such companies. Partners or other personnel of Sterling may serve on a portfolio company’s board of directors or otherwise act to influence management of companies held by the Private Investment Funds. In addition, the Investment Committee, composed of the entire professional staff of Sterling, with certain senior Sterling personnel who are responsible for each Private Investment Fund having formal voting rights, monitors and reviews investments of the Private Investment Funds on a regular and recurring basis. Sterling’s Chief Compliance Officer is included on the Investment Committee and periodically checks to confirm that each Private Investment Fund is maintained in accordance with its stated objectives.

The Private Investment Funds will provide to its limited partners (i) annual audited financial statements prepared in accordance with generally accepted accounting principles consistently applied in the United States, (ii) quarterly unaudited financial statements and statement of such limited partners capital account and changes thereto for such quarter, and (iii) annual tax information necessary for each limited partner’s preparation of its tax return.

Item 14 – Client Referrals and Other Compensation

Compensation for Client Referrals

Sterling may enter into written agreements with and compensate unaffiliated third parties for soliciting new investors to certain of the Private Investment Funds. Under such agreements, Sterling agrees to pay a placement agent a percentage of the amounts invested into a Private Investment Fund to the extent the investors were referred by the placement agent. Such placement fees are paid initially by the applicable Private Investment Fund, but management fees owed by such Private Investment Fund to Sterling are correspondingly reduced so that Sterling, and not the Private Investment Fund (or its investors), bears the cost of placement fees. The use of a placement agent is fully disclosed to investors referred by such placement agent.

Economic Benefits from Non-Clients

As discussed in Item 5 - *Fees and Compensation* above, Sterling may receive Advisory Fees in respect of services it provides to portfolio companies. In addition, Sterling may receive “breakup” fees in connection with proposed investments which are not consummated. A percentage of the Advisory Fees Sterling receives will be applied to reduce the quarterly management fee payable by the applicable Private Investment Funds, as detailed in the governing documents of the Private Investment Funds. If Sterling receives any breakup fees in connection with an unconsummated transaction, such breakup fees will be used to pay or reimburse the applicable Private Investment Fund for costs and expenses incurred by such Private Investment Fund in connection with any transaction (whether or not consummated) for which the Private Investment Fund has not previously been reimbursed. The pro-rata portion of Advisory Fees allocable to certain co-investment vehicles is retained by Sterling in accordance with the relevant governing documents.

Item 15 – Custody

Sterling and its affiliates have custody over the Private Investment Funds’ funds and securities because they serve as the general partners of the Private Investment Funds. With the exception of uncertificated privately offered securities, all assets of the Private Investment Funds are held in custody by unaffiliated broker/dealers or banks. Limited partners will not receive statements from the custodians. Instead the Private Investment Funds are subject to an annual audit and the audited financial statements are distributed to each limited partner. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of each Private Investment Fund’s fiscal year end or earlier as required by the relevant governing documents of the Private Investment Funds.

Item 16 – Investment Discretion

Sterling’s affiliates, through their positions as general partners, have discretionary authority to manage investments on behalf of the Private Investment Funds. As a general policy, Sterling and the general partners of the Private Investment Funds do not allow investors to place limitations on this authority. Pursuant to the terms of the Private Investment Funds’ governing documents, however, Sterling’s general partners may enter into “side letter” arrangements with certain limited partners whereby the terms applicable to such limited partner’s investment in the Private Investment Funds may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. Sterling and the general partners assume this discretionary authority pursuant to the terms of the governing documents and powers of attorney executed by the limited partners of the Private Investment Funds.

Item 17 – Voting Client Securities

Sterling focuses on securities transactions of private companies and therefore generally the Private Investment Funds portfolio companies typically do not issue proxies. On occasion, Sterling will receive proxies in connection with its publicly traded portfolio companies, in which case it is Sterling's policy to exercise the proxy vote in the best interest of the Private Investment Funds, taking into consideration all relevant factors, including without limitation, acting in a manner that Sterling believes will (i) maximize the economic benefits to the Private Investment Funds and (ii) promote sound corporate governance by the issuer. On rare occasions, Sterling may be required to exercise a vote for a privately-held portfolio company, in which case the same procedures apply.

Sterling has adopted a Proxy Policies and Procedures (the "Proxy Policy") to address how it will vote proxies, as applicable, for the Private Investment Funds' portfolio investments. The Proxy Policy seeks to ensure that Sterling votes proxies (or similar instruments) in the best interest of the Private Investment Funds, including where there may be material conflicts of interest in voting proxies. Sterling generally believes its interests are aligned with those of the Private Investment Funds' investors through the Sterling's beneficial ownership interests in the Private Investment Funds and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Sterling may address the conflict using several alternatives, including by seeking the approval or concurrence of the relevant Private Investment Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, the relevant Private Investment Fund's advisory board may approve Sterling's vote in a particular solicitation. Sterling does not consider service on portfolio company boards by Sterling personnel or Sterling's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by Sterling when voting proxies on behalf of the Private Investment Funds. A copy of the Proxy Policy is available to clients and prospective clients upon request. Investors or prospective investors may obtain a copy of the Proxy Policy by sending a written request to Sterling Group's Chief Compliance Officer at the address set forth on the cover page of this Brochure. In addition, information regarding how Sterling voted proxies for particular portfolio companies if available to investors in the relevant Private Investment Funds upon written request to Sterling Group's Chief Compliance Officer at the address set forth on the cover page of this Brochure.

Item 18 – Financial Information

Sterling does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.

Sterling has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.