

**Sterling Capital Management, Inc.**

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**SEC Form ADV Part 2A**

**“Brochure”**

**March 29, 2024**

**This Brochure provides information about the qualifications and business practices of Sterling Capital Management, Inc. If you have any questions about the contents of this Brochure please contact us by telephone at (262) 970-9700 or by email at [tomportz@moseco.com](mailto:tomportz@moseco.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about Sterling Capital Management, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**This Brochure does not constitute an offer to sell or the solicitation of an offer to buy any securities. Potential investors should refer to the offering documents of the applicable private Fund client prior to considering an investment in such private Fund client.**

## **Item 2: Material Changes**

### ***Summary of Material Changes***

This Brochure contains updated information about Sterling Capital Management, Inc.'s (referred to herein as "SCM" "Sterling," "Firm," "Company" or "Adviser") business since the last annual update in March 2023. This section of the Brochure will address only those "material changes" that have been incorporated since the last annual delivery of this document on the SEC's public disclosure website (IAPD). The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure. There has been no material changes since the last annual amendment last March 30, 2023.

Additional information about Sterling is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Sterling who would be required to be notice filed as investment adviser representatives of Sterling. If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our CCO Tom Portz at (262) 970-9740. We encourage you to read this document in its entirety.

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#### **Item 4: Advisory Business**

##### **A Description of the Advisory**

Found it in February 1997, Sterling Capital Management, Inc., Inc. (“SCM”) is a corporation that was established in the state of Wisconsin and maintains offices in Brookfield, WI. Tom Portz, CFP, is the sole owner of Sterling Capital Management, Inc. SCM Provides investment advisory, financial planning, and consulting services to individuals, corporations, and nonprofit organizations on discretionary and on discretionary basis.

##### **B Types of Advisory Services**

SCM provides investment advisory, financial planning, and consulting services to individuals, corporations, and nonprofit organizations on discretionary and on discretionary basis.

##### **C Client Tailored Services and Client Imposed Restrictions**

Clients, on the other hand, can impose reasonable restrictions on their investment portfolios. The reasonableness of a requested restriction is determined by Sterling at its sole discretion. Examples might include avoiding tobacco companies or avoiding the purchase of stock of a company that competes with the client’s employer. These restrictions should be submitted to the advisor in writing.

##### **D Assets Under Management**

As of December 31, 2023, Sterling Capital Management, Inc. managed approximately \$152,603,198 on a discretionary and \$61,308,618 on a non-discretionary basis, totaling \$213,911,816 regulatory assets under management.

#### **Item 5: Fees & Compensation**

For separately managed accounts the advisors fee is based on the clients as it’s under management typically 2% per year. These are negotiable. The clients should refer to their investment advisory agreement for the fee schedule applicable to them.

The firm charges a fixed fee for financial planning services typically \$350 an hour. The advisor may modify, leave, or otherwise charge a flat fee for service.

Subject to the written approval from the client, fees are deducted it from client accounts quarterly.

Fees paid to the advisor for an exclusive of all custodial fees, brokerage commissions and transaction costs paid to the client's custodian, brokers or other third-party as well as any fees and taxes on brokerage accounts and securities transactions. Addition to the fees described our clients may incur other fees, charges and expenses as outlined below.

Clients and also pay brokerage charges that include commissions charged by a broker to make a stock or country. In connection with the purchase or sale of income securities, the broker may charge a markup or a mark down. In some instances, there may be a transactional commission charge by a broker to purchase or sell load or no-load mutual Funds. Broker is often reduced, discount, or may waive commission fees completely. Clients we have option to purchase investment products that the firm recommends through other brokers for agents that are not affiliated with the firm.

Mutual Funds in the client portfolio might also charge advisory fee expenses. Clients may also incur fees on individual retirement accounts, service fees such as wiring fees, and in some instances these to open or closed accounts. Brokerage firms and the custodians holding the securities account usually charge a flat service fee for each transaction.

The firm typically charges fees three months in advance. As mentioned in this section, the advisor may at its discretion delete billing fees. The advisor will cease the accrual of advisory fees upon receipt of late notice by a client terminating investment advisory service. Are Fund will be paid for any fractional. For which the client has already paid for, alternately, charges will be assessed for any fees that have not been billed for a fractional period.

These are subject to change. Such changes must be approved by the client in writing. Any approved change in fees shall apply for the entire quarter in which the fee change was approved by the client.

As mentioned elsewhere in this for sure, the advisor directs trades for most of the clients' accounts through Moloney securities. Certain personnel of the advisor also registered representatives of Moloney. Acting in their capacity as a registered representative of the broker dealer or personnel of the advisor, investment advisor representatives may receive commissions on stock trades, bond trades, and related brokerage services.

They may at their discretion choose to reduce commissions for complete trades at a loss. They may receive trailing commissions (12b-1 fees) on selected mutual Funds, and commissions or trailing commissions on annuities and insurance products. They may receive commissions on initial public offerings and mark ups or mark downs on selected income securities. They should be considered additional compensation to the advisor.

Additional compensation realized by personnel associated with the advisor may give rise to a conflict of interest as it represents an incentive to recommend investment products based on compensation received,

rather than on the client's needs. To address this concern, the advisor considers the investment products offered in the marketplace, the characteristics of the products, and their fit in the then current economic condition. The firm also considers the accessibility and service offered on the products and the support offered by the respective firm assisting and product placement. The firm is satisfied that the historic and perspective choice of investments has and may maintain a reasonable balance, addressing overall fit and reasonable overall cost. The advisor does not represent that any aspect of their fees or that the investment selection is driven solely by the lowest priced product. The firm may include mutual Funds in a client's overall investment portfolio. The firm considers us funds that have no load and funds that have front end or rear end load.

As also noted, most no load funds and some load funds may have a transaction charge upon purchase or sale. The amount of charge is a factor, but not the primary consideration in choosing a fund.

Tom Portz, President of the Adviser, also maintains a related business, Sterling financial, Inc. That firm receives commissions and compensation for personnel of the advisor acting in their capacity as registered representatives. And the total compensation earned by both firms, more than 50% is from the sale of commissionable investment products and trailing commission compensation. Advisory fees are charged in addition to any commissions or other sales compensation. Advisory fees are not reduced to offset Commissions, or the other compensation received by personnel acting in their capacity as registered representative. The advisor may, as stated previously and, at its sole discretion, reduce or forgo the overall annual fee charged at the time the account established.

### **Item 6: Performance-Based & Side-By-Side Management**

The firm does not collect performance allocation fees on any accounts.

### **Item 7: Types of Clients**

The firm has a broad mix of clients including individuals, high net worth individuals, pension and profit-sharing plans, trust accounts, corporations, charities and nonprofit organizations. The firm has a minimum account size of \$100,000 the firm a lower or waive the investment minimum requirement at its sole discretion.

### **Item 8: Methods of Analysis, Investment Strategies & Risk of Loss**

The firm focuses on changing factors in the global economy. These types of factors might include political issues, changing inflation and interest rates, changes in currencies and the comparative economic strength of specific countries and geographic areas.

Risk is different for different strategies. As noted, investment programs/portfolios are uniquely structured in an attempt to match the needs an objective of each client. Most portfolios are balanced, meaning they contain a mix of growth and income Securities. Some portfolios limit investment exclusively two incomes Securities. Some clients prefer and have a wrist tolerance that allows all growth securities. A number of portfolios, including those of the personnel associated with the firm, or quite aggressive. Clients in aggressive portfolios me borrow money or margin to invest. Some investments portfolios are comprised of after-tax funds.

A balance portfolio typically will invest in income securities including certificates of deposit, preferred shares, bonds, bond mutual funds and exchange traded funds or ETFs which invest in bonds the securities present several risks including the default of the issuer.

Growth securities, whether as part of a balance growth or aggressive growth portfolio have a good variety of risk. The notion of growth securities, or assets with fluctuating growth characteristics, can be expanded to include stocks, stock mutual funds, exchange traded funds investing in growth securities, structured products, and derivative securities. The firm may also purchase ETFs which invest in commodities on occasion and subject to prior written approval of the client, the firm uses listed derivatives, also known as listed options, treated daily on organized exchanges. These strategies are largely focused on the use of covered calls which generate income and partially reduce risk. The firm may also purchase puts, which also designed to reduce risk.

Aggressive portfolios often include the same securities held in growth portfolios in the growth section of balance portfolios. However, the shares may be held in much higher concentrations, they may be treated more frequently for comparatively small percentage price moves, and they may employee leverage margin. These portfolios are often trade at more actively than aggressive portfolios. The firm naturally treats the

block trades of these clients somewhat differently and uses a different trading rotation when deciding when and how to individually trade these accounts. The risk associated with these portfolios are similar to gross securities previously discussed, but the risks are greater. When an aggressive growth portfolio declines due to its own merits, or due to overall market and economic conditions, decline is often greater due to the use of borrowed money.

It is notable that two identical portfolios with the same strategy may have different returns. Why the firm may make a single block trade, simultaneously buying and selling the same security for all accounts this is not always possible and it's not always desirable often the firm uses a rotating system reviewing a particular client's portfolio, trading a particular security, and then moving onto the next alphabet client. As markets constantly change to clients even with portfolios that are identical in size in which identical objectives may receive slightly different prices. The firm believes this is a minor issue compared to the close security portfolios receives.

Defined is aggressive and not diversified it tends to have high turnover and is not tax efficient. The firm may overweight positions or sectors in the market. That firm may construct partial hedges against loss through the use of one or more derivative strategies. Strategies may include holding securities as long positions or selling securities in short positions. Holding both long and short securities positions may tend to offset. The firm may purchase structured products in an effort to generate return and manage risk.

The firm provides investment advice regarding retirement plans including 401(k)s. The firm works with plan sponsors or corporations and establishing imitating any 401(k)s. Service extends to meetings with employees eligible to participate in a 401(k) to help them understand and invest in available for one case of accounts. And other cases the firm manages the specific retirement plan investment portfolios for the benefit of one or more such employees.

Prospectus is our disclosure documents describing the function, objectives, fees and expenses of mutual funds. They can be requested from the firm, their respective mutual fund company, or in many cases found online. Options are further described in the standardized booklet called characteristics and risk of standardized options. The advisor will provide this booklet upon request without charge.

## Risk of Loss

Our Firm believes its strategies and investment recommendations are designed to produce the appropriate potential return for the given level of risk; however, there is no guarantee that a planning goal or investment objective will be achieved. Past performance is not necessarily indicative of future results. Investing in securities involves risk of loss that clients should be prepared to bear. While the following list is not exhaustive, we provide some examples of such risk in the following paragraphs, and we believe it is important that our clients review and consider each prior to investing.

## Active Management

A portfolio that employs active management strategies may, at times, outperform or underperform various benchmarks or other strategies. In an effort to meet or surpass these benchmarks, active portfolio



management may require more frequent trading or “turnover.” This may result in shorter holding periods, higher transactional costs and/or taxable events generally borne by the client, thereby potentially reducing or negating certain benefits of active asset management.

#### Annuities

Fixed and indexed annuities are an insurance contract sold by licensed insurance agents, and variable annuities are offered through broker/dealers. The features, benefits, and various guarantees associated with an annuity are determined by the quality and solvency of its issuer -- the insurance company. Insurance guaranty associations provide limited protection to insurance policyholders and beneficiaries of policies issued by an insurance company that has become insolvent and is no longer able to meet its obligations. All states, as well as the District of Columbia, and Puerto Rico have insurance guaranty associations. Insurance companies are required by law to be members of the guaranty association in states in which they are licensed to do business. The amount of coverage provided by the guaranty association is set by statute and differs from state to state. For example, in New Jersey the coverage for a fixed annuity cash surrender value is \$100,000 and \$500,000 in present value of annuity benefits if the contract has been annuitized. Benefits in excess of the noted limits may be eligible to be submitted as a priority claim against the failed insurer, through which the policyholder may receive additional payments as the insurer’s assets are liquidated.

#### Company Risk

When investing in securities, such as stocks, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. This is also referred to as unsystematic risk and can be reduced or mitigated through diversification.

#### Currency Risk

The risk of loss from fluctuating foreign exchange rates when a portfolio has exposure to foreign currency or in foreign currency traded investments is known as currency risk.

#### Equity (Stock) Risk

Common stocks are susceptible to general stock market fluctuations and to volatile increases or decreases in value as market confidence in and perceptions of their issuers change. If an investor held common stock or common stock equivalents of any given issuer, they may be exposed to greater risk than if they held preferred stocks and debt obligations of the issuer.

Preferred stocks can be affected by interest rate and liquidity risks (described in adjacent paragraphs). Also note that their dividend payment is not guaranteed; some are subject to a call provision, meaning the issuer can redeem its preferred shares on demand, and usually when interest rates have fallen.

#### ETF and Mutual Fund Risks

The risk of owning ETFs and mutual funds reflect their underlying securities (e.g., stocks, bonds, etc., described in other paragraphs of this section). These forms of securities typically carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential

duplication of certain fees. Certain ETFs and indexed funds have the potential to be affected by “active risk;” a deviation from its stated index.

While many ETFs and index mutual funds are known for their potential tax-efficiency and higher “qualified dividend income” (QDI) percentages, there are asset classes within these investment vehicles or holding periods within that may not benefit. Shorter holding periods, as well as commodities and currencies (that may be a holding within an ETF or mutual fund), maybe considered “non-qualified” under certain tax code provisions. A holding’s QDI will be considered when tax-efficiency is an important aspect of the client’s portfolio.

Leveraged and/or inverse ETFs attempt to achieve multiples of the performance of an index or benchmark through the opposite (inverse) of the performance of the tracked index or benchmark. This strategy attempts to profit from, or hedge exposures to, downward drifting markets. There is risk involving this strategy and part of the concern is based on the fact that leveraged and inverse exchange traded funds "reset" daily, which means they are designed to achieve their stated objectives on a daily basis. It is due to the compounding effect of daily adjustments that ETF performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of an underlying index or benchmark during the same period. This effect is potentially magnified during volatile markets. If effects contrary to the ETF strategy occur, losses may be significant; therefore, leveraged and/or inverse ETFs will be considered for portfolios either properly hedged or for clients able to sustain potentially higher risks. Leveraged and inverse ETFs should not be used in portfolios where a "buy-and-hold" philosophy is important.

#### Failure to Implement

As our planning client, you are free to accept or reject any or all of the recommendations made to you.

While no advisory Firm can guarantee future performance, no plan can succeed if it is not implemented. Clients who choose not to take the steps recommended in their plan may face an increased risk that their stated goals and objectives will not be achieved.

#### Financial Risk

Excessive borrowing to finance a business operation increases profitability risk because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

#### Fixed Income Risks

Various forms of fixed income instruments, such as bonds, money market or bond funds may be affected by various forms of risk, including:

**Credit Risk** - The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as “default risk.” Credit risk may also occur when an issuer’s ability to make payments of principal and interest when due is interrupted. This may result in a negative impact on all forms of debt instruments, as well as funds or ETF share values that hold these issues. Bondholders are creditors of an issuer and have priority to assets before equity holders (i.e., stockholders) when receiving a payout from liquidation or restructuring. When defaults occur due to bankruptcy, the type of bond held will

determine seniority of payment.

**Interest Rate Risk** - The risk that the value of the fixed income holding will decrease because of an increase in interest rates.

**Reinvestment Risk** - With declining interest rates, investors may have to reinvest interest income or principal at a lower rate.

#### Fundamental Analysis

The challenge involving fundamental analyses is that information obtained may be incorrect; the analysis may not provide an accurate estimate of earnings, which may be the basis for a security's value. If a security's price adjusts rapidly to new information, a fundamental analysis may result in unfavorable performance.

#### Inflation Risk

Also called purchasing power risk, is the chance that the cash flows from an investment won't be worth as much in the future because of changes in purchasing power due to inflation.

#### Liquidity Risk

The inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. While certain types of fixed income are generally liquid (i.e., bonds), there are risks which may occur such as when an issue trading in any given period does not readily support buys and sells at an efficient price. Conversely, when trading volume is high, there is also a risk of not being able to purchase a particular issue at the desired price.

#### Market Risk

This is also called systemic risk. In cases where markets are under extreme duress, many securities lose their ability to provide diversification benefits.

#### Passive Investing

A portfolio that employs a passive, efficient markets approach has the risk of generating lower-than-expected returns due to its broad diversification when compared to a portfolio narrowly focused/invested.

#### Political Risk

The risk of financial and market loss because of political decisions or disruptions in a particular country or region, and may also be known as "geopolitical risk."

#### Research Data

When research and analyses are based on commercially available software, rating services, general market and financial information, or due diligence reviews, a Firm is relying on the accuracy and validity of the information or capabilities provided by selected vendors, rating services, market data, and the issuers themselves. While our Firm makes every effort to determine the accuracy of the information received, we cannot predict the outcome of events or actions taken or not taken, or the validity of all information researched or provided which may or may not affect the advice on or investment management of an account.

### Force Majeure

A “Force Majeure Event” means any act of God, terrorist act, failure of utilities or other similar circumstance not within the reasonable control of Firm, but only if and to the extent that (i) such circumstance, despite the exercise of reasonable diligence, cannot be, or be caused to be, prevented, avoided or removed by Firm, and (ii) such circumstance materially and adversely affects the ability of Firm to perform its obligations to its Clients, and Firm has taken all reasonable precautions, due care and reasonable alternative measures in order to avoid the effect of such event on Firm’s ability to perform its obligations to its Clients and to mitigate the consequences thereof. Firm shall be excused from performance and shall not be in default in respect of any obligation hereunder to the extent that the failure to perform such obligation is due to a Force Majeure Event.

### Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues.

Our business activities could be materially adversely affected by pandemics, epidemics and outbreaks of disease in Asia, Europe, North America and/or globally or regionally, such as COVID-19, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome (SARS), and/or other epidemics, pandemics, outbreaks of disease, viruses and/or public health issues. Specifically, COVID-19 has spread (and is currently spreading) rapidly around the world since its initial emergence in China in December 2019 and has severely negatively affected (and may continue to materially adversely affect) the global economy and equity markets (including, in particular, equity markets in Asia, Europe and the United States). Although the long-term effects or consequences of COVID-19 and/or other epidemics, pandemics and outbreaks of disease cannot currently be predicted, previous occurrences of other pandemics, epidemics and other outbreaks of disease, such as H5N1 flu, H1N1 flu, SARS and the Spanish flu, had a material adverse effect on the economies and markets of those countries and regions in which they were most prevalent. Any occurrence or recurrence (or continued spread) of an outbreak of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the levels of economic activity generally (or cause the global economy to enter into a recession or depression), which would adversely affect the business, financial condition and operations of the Adviser. Should these or other major public health issues, including pandemics, arise or spread farther (or continue to spread or materially impact the day to day lives of persons around the globe), the Adviser could be adversely affected by more stringent travel restrictions, additional limitations on the Adviser’s operations or business and/or governmental actions limiting the movement of people between regions and other activities or operations (or to otherwise stop the spread or continued spread of any disease or outbreak).

### **Item 9: Disciplinary Information**

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of the investment advisor and each investment advisor representative providing investment advice to you. There are no reportable material legal or disciplinary events related to Sterling.

## **Item 10: Other Financial Industry Activities & Affiliations**

Our advisory Firm and its management are not registered nor have an application pending to register as a Financial Industry Regulatory Authority (FINRA) or National Futures Association (NFA) member Firm or associated person of such a Firm. We are not required to be registered with such entities, nor do they supervise our Firm, its activities or our associates. Neither our Firm nor its management is or has a material relationship with any of the following types of entities:

- ☐ another financial planning Firm
- ☐ bank, credit union or thrift institution, or their separately identifiable department or division
- ☐ lawyer or law Firm
- ☐ pension consultant (other than our own services)
- ☐ real estate broker, dealer or advisor
- ☐ sponsor or syndicator of limited partnerships
- ☐ trust company
- ☐ issuer of a security, to include investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)

Tom Portz, also owns Sterling Financial, Inc. This is a financial services company previously identified in Item 5. This company sells mutual funds, annuities, insurance products, and receives commissions assignments from personnel of the firm, acting in their capacity of registered representative. this may present a conflict at the firm, or it's personnel sells securities and products to advisory clients which result in additional income to personnel of the firm. This product placement and trait execution also requires time. The firm believes these conflicts are mitigate it in more than offset by the comprehensive and seamless assistance and easily acquiring and servicing specific investment products.

Tom Portz has also been awarded 10 US patents and six Canadian industrial design certificates also known as patents. Mr. Portz has also formed a corporation called Luminex Corporation to further develop such patents. Today, there are no revenues, and no conflicts exist. Mr. Portz is also an author. Under Item 5 fees and compensation of this brochure, the firm discusses the nature, complex, and handling of the conflicts associated with being a registered representative have a broker dealer. The firm does not have outside owners or directors that would otherwise might raise questions of conflict of interest. The firm does not have compensation arrangements with other advisory firm, other than brokerage division of Moloney Securities. Individuals affiliated with the Adviser also have securities license is held by Moloney. In the context of maintaining trading and servicing advisory and non-advisory clients these individuals receive compensation on various investment products from Maloney.

## **Item 11: Code of Ethics, Participation in Client Transaction and Personal Trading**

## **A. Code of Ethics**

Sterling has implemented a Code of Ethics (the “Code”) that is applicable to all our employees. We place great emphasis on complying with all applicable laws and regulations governing our practices as an SEC-registered investment adviser. Therefore, we have established firm guidelines related to the professional standards of conduct for our employees, which emphasizes the protection of Client interests at all times and demonstrates our commitment to our fiduciary duties of honesty, exhaustive due diligence and analysis, good faith, and fair dealing with Clients. All of our employees are expected to adhere strictly to the guidelines outlined in the Code, which requires them to submit personal securities transactions and holdings reports to us that are reviewed by our Chief Compliance Officer on a periodic basis. Also, the employees are encouraged to report any violations of the Code to our Chief Compliance Officer. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of any material non-public information related to our clients or their account holdings by us or any of our employees.

A copy of the Code of Ethics can be obtained by any client or prospective client upon request by contacting our Chief Compliance Officer.

## **B. Interest in Client Transactions & Personal Trading**

Sterling solicits investors to invest in the Funds which Sterling manages and for which we receive a management fee. Employees of the Firm may also be investors in the Funds.

As stated in our Code of Ethics, our fiduciary duties to our clients are paramount and we always attempt to align our interests with those of clients. Sterling access persons are technically allowed, with some restrictions, to purchase securities in their personal accounts, which might also be purchased for Clients. The Code of Ethics is designed to prevent such transactions from taking place when they might advantage an access person and disadvantage a client. Nonetheless, since the Code of Ethics does allow access persons and Clients to potentially hold the same security, there is a possibility that access persons might benefit from market activity by a client in a security held by the access person. Persons associated with us may own private securities in forms that are also owned by our limited partnerships. Employees of Sterling may own limited partnership interests as well. It is our policy that our employees shall not have priority over any Client account in the purchase or sale of private securities that are held by limited partnerships managed by affiliated GPs and advised by Sterling.

## **C. Investment in Securities Recommended to Clients**

See Item 11.B. above.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker Dealers**

Sterling has full discretion to select brokers, when necessary, to execute transactions for the Funds it manages and to negotiate and determine the commissions to be paid for such transactions. To address potential conflicts, Sterling may consider a number of factors when selecting a broker or dealer for a transaction, including the broker's execution capability, the broker's responsiveness to Sterling, the broker's reputation and access to the markets for the security being traded, the efficiency with which the trade will be executed, commission rates and the value of the research products and services that a broker lawfully may provide to assist Sterling in the exercise of its investment decision-making responsibilities, and the expected market impact of the trade. The determining factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution for our clients.

Should Sterling take part in a transaction involving publicly traded securities, it will enter into a custody arrangement with a qualified custodian. Custodians may charge clients separately for custody services and executing broker-dealers are compensated by accounts holders through the commissions and other transaction or asset-based fees for securities trades that are executed through them. Should we take part in a transaction requiring a qualified custodian, our considerations in recommending a custodian will be based on a number of factors including but not limited to their historical business relationship with us and their financial strength, reputation, execution capability, pricing, research and services, relatively low transaction and commission fees and reporting ability.

In making the decision to establish a brokerage/custodial relationship with a custodian, we may take into account the availability of some of the foregoing products, services and other arrangements offered to us as part of the total mix of factors we consider and not solely the nature, cost or quality of custody and brokerage services provided to us by the custodian, which may be perceived as creating a potential conflict of interest. We will not receive referrals from the custodian in exchange for using their services.

### **B. Brokerage for Client Referrals**

We may consider the prospect of receiving, or the receipt of referrals, of potential investors when selecting or recommending broker-dealers for Client securities transactions. This practice may serve as an incentive for us to select or recommend a broker-dealer based on our interest in receiving referrals rather than on a client's interest in receiving most favorable execution.

#### **Soft Dollars**

The firm has not received research or other benefits



known as soft dollars. We select a brokerage firm that can provide useful research, service, and offer competitive commissions.

### **Directed Brokerage**

For SMA discretionary accounts, the Firm only offers Moloney Securities as the broker the client may use. For SMA non-discretionary clients may maintain all or part of the accounts at Moloney or another firm of their choosing

## **Item 13: Review of Accounts**

### **A. Frequency and Nature of Periodic Reviews**

Sterling does perform reviews of individual investor accounts each quarter. SMA clients receive written account summaries quarterly. Fund investors also receive a written quarterly report.

#### **Item 14: Client Referrals & Other Compensation**

The firm does not pay currently for a client referral in SMA accounts.

#### **Item 15: Custody**

The firm does not have physical custody of any SMA client assets. Personnel of the firm, when acting in their capacity as registered representatives of the broker dealer may route checks to the client's broker or custodian. These checks may not be made payable to sterling capital management. Any affiliate or any personnel of either of these firms.

Clients will receive account statements directly from the broker dealer, bank or other qualified custodian. The firm also prepares an in-house summary which the firm generally stands and reviews with clients quarterly in an effort to stress the importance of reviewing both statements accurately for any discrepancies. The firm has custody of the fund's assets because it has the ability to deduct if Isa reviews payable to it and has a general power of attorney over the funds account. Interactive Brokers is the funds prime broker. Execution and clearing services are. Provide it by interactive brokers. The physical assets of the fun are also held in an account with interactive brokers. Interactive Brokers is a member of the financial industry regulatory authority and the securities investor protection corporation.

#### **Item 16: Investment Discretion**

When servicing investment accounts on a discretionary basis, the custodian will specifically limit the Firm's authority within an account to the placement of trade orders and our request for the deduction of our advisory fees.

We also serve client accounts on a nondiscretionary basis. This type of account authority requires the client's ongoing prior approval involving the investment and reinvestment of account assets, and portfolio rebalancing. The client will be required to execute the Firm's client services agreement that describes our limited account authority, as well as the custodian of record's account opening document that includes their limited power of attorney form or clause. In light of the requirement for pre-approval, the client must make themselves available and keep the Firm updated on their contact information so that instructions can be efficiently affected on their behalf. In addition, nondiscretionary accounts are generally unable to be aggregated (see Item 12) and may therefore be assessed higher trading fees or receive less favorable prices than those accounts where trade aggregation has occurred.

As noted in Item 4, we will allow for reasonable restrictions that we will note in the client's written investment guidelines involving the management of their portfolio. It remains the client's responsibility to notify us in writing if there are changes in their situation and/or investment objective so that we may reevaluate previous investment recommendations or account holdings.

**Item 17: Voting Client Securities (Proxy Voting)**

This item is not applicable to Sterling in relation to SMA clients.

**Item 18: Financial Information**

Our Firm and its management do not have a financial condition likely to impair its ability to meet commitments to clients, nor has the Firm and its management been the subject of a bankruptcy petition.