
Sterling Asset Management, LLC

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**Form ADV Part 2A Firm Brochure
May 12, 2011**

This brochure provides information about the qualifications and business practices of Sterling Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at (610) 254-7630 or info@sterlingam.com.

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 Sterling Asset Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Sterling Asset Management, LLC is a registered investment adviser. Registration does not imply a particular level of skill or training.

MATERIAL CHANGE

This Form ADV Part 2A Firm Brochure has been rewritten in response to new disclosure requirements in Form ADV, which the Securities and Exchange Commission adopted in 2010.

Only material changes since the last annual update of the Brochure, on March 23, 2011, are discussed here.

At this filing, May 12, 2011, the Brochure has been revised to reflect that Sterling Asset Management, LLC now offers the Global Sales-Weighted Index™ Program and no longer offers the TIGERS Program.

If you require another copy of this document, please contact us and we will happily send it to you. Also, a copy of this document, can be obtained online at the SEC website, www.adviserinfo.sec.gov.

Table of Contents

| | <u>Page</u> |
|---|-------------|
| Advisory Business | 4 |
| Investment Advisory Services Program..... | 4 |
| Global Sales-Weighted Index™ Program | 5 |
| Fees and Compensation | 8 |
| Investment Advisory Services Program..... | 8 |
| Global Sales-Weighted Index™ Program | 9 |
| Performance-Based Fees and Side-By-Side Management | 12 |
| Types of Clients | 13 |
| Methods of Analysis, Investment Strategies and Risk of Loss..... | 13 |
| Disciplinary Information..... | 14 |
| Other Financial Industry Activities and Affiliations | 14 |
| Code of Ethics, Participation or Interest in Client Transactions and Personal Trading | 15 |
| Brokerage Practices | 16 |
| Review of Accounts..... | 18 |
| Client Referrals and Other Compensation | 18 |
| Custody | 18 |
| Investment Discretion | 19 |
| Voting Client Securities..... | 19 |
| Financial Information..... | 19 |
| Requirements for State-Registered Advisers | 20 |
| Privacy Policy | 20 |
| Other Information | 21 |
| Anti-Money Laundering | 21 |
| Political Contributions | 21 |
| Business Continuity | 21 |

Advisory Business

Sterling Asset Management, LLC is an investment adviser registered with the Securities and Exchange Commission (“SEC”) and has been in business since 2007. Our principal owners are David Killian, John Meehan, and Terry Soffera. As of December 31, 2010, we manage \$ 819,155,000 in client assets on a discretionary basis and \$ 8,820,000 in client assets on a non-discretionary basis.

Our services at Sterling Asset Management are individually tailored to each of our clients’ needs and involve consulting with you to identify your investment objectives and develop investment policies designed to achieve these objectives. We monitor investment results in each client’s account and makes changes as needed to respond appropriately to developments affecting individual securities, market conditions and the economy. We will provide you with reports and other forms of direct communication. Additionally, we will hold meetings with you, as a client, periodically to discuss results and evaluate the continuing appropriateness of your investment objectives and policies. As the client, you may impose restrictions on investing in certain securities or types of securities.

We offer two advisory programs, the Investment Advisory Services Program and the Global Sales-Weighted Index™ (“GSWI”) Program.

Investment Advisory Services Program

The Investment Advisory Services Program consists of investment advisory services in which we have discretionary authority to purchase and sell securities within your portfolio using investment styles in accordance with your particular investment objectives.

Fixed Income Investment Philosophy – Our fixed income advisory services adhere to a conservative investment philosophy that focuses on building a portfolio of high quality securities well diversified across all major fixed income sectors. Our emphasis is on generating a level of portfolio yield in excess of the benchmark, as historical data have proven that income dominates fixed income returns over time. Through the use of a well-defined duration strategy and controlled sector weightings, portfolio volatility is reduced.

Investment Decision-Making Process - Given our emphasis on building portfolios with a yield advantage relative to the index, our decision-making process begins with an evaluation of the higher yielding investment grade fixed income sectors. Security selection and sector allocation are the primary sources of value added within our fixed income strategies, representing 80% of our decision-making process. The remaining 20% is split evenly between yield curve positioning and duration management.

Portfolio Construction – We construct portfolios within a well-defined risk control process, which limits security and sector exposure, thereby limiting overall portfolio

volatility and providing the appropriate level of diversification. These limits include minimum exposure to the U.S. Treasury and agency sectors as well as, maximum allocation to investment grade corporate bonds. Individual security exposure, with the exception of government agency bonds, is limited to 5% of the portfolio value.

Equity Portfolios – We also offer the management of equity portfolios that are customized to your needs. We will seek to construct an equity portfolio that protects your capital while participating in market gains.

Sub-advisors – Depending upon your investment objectives, we may select sub-advisors whom we determine can best achieve your investment objectives. There may be instances when we believe it is beneficial to have more than one sub-advisor for an account. We will consider the following factors in making this decision: each sub-advisor's management style, client account size, risk tolerance and reporting requirements. We review each prospective and current sub-advisor's performance history, asset allocation history, Form ADV and marketing literature. We, at Sterling Asset Management, also may examine each sub-advisor's operations, financial condition and key personnel, including the sub-advisor's portfolio managers or portfolio management teams. In such cases, we will compensate them from the fees we receive from you, as our client, for the management of your account.

We will continually monitor all sub-advisors with whom we do business. From time to time, we may use independent consultants to provide statistical research and performance-based analysis of current and potential sub-advisors. In addition to our own staff, we may also use, from time to time, outside compliance and operations consultants to assist with the monitoring of sub-advisors.

The sub-advisors that we may select for you may offer advice on various types of investments and use different security analysis methods, sources of information and investment strategies. As a client, you should refer to the disclosure documents of each sub-advisor for details on the advisory services offered by each sub-advisor. When appropriate, we may direct the movement of some or all of your account from any existing sub-advisor(s) to any other existing or new sub-advisor(s).

Global Sales-Weighted Index™ Program

Sterling Asset Management believes that it is possible to outperform broad-based indexes by aligning an investment portfolio with a sales-weighted model index. The GSWI™ Program consists of discretionary investment advisory services designed to track a proprietary equity indexing program consisting of four separate equity indexes: Global Sales-Weighted Index 1500™ (GSWI 1500 All Cap), Global Sales-Weighted Index 500 Large Cap™ (GSWI 500 Large Cap), Global Sales-Weighted Index 500 Mid Cap™ (GSWI 500 Mid Cap), and Global Sales-Weighted Index 500 Small Cap™ (GSWI 500 Small Cap) (collectively, "GSWI" or "GSWI Model Index(es)," and the advisory services designed to track such reference indexes,

“GSWI Program”), all of which are more fully described below. Sterling Asset Management will have discretionary authority to purchase and sell securities within your portfolio in accordance with the investment process methodology underlying each model index within the GSWI Program.

We offer you investment advisory services whereby we manage your portfolio in accordance with the GSWI Model Index(es) you select. The performance of your portfolio is measured against a corresponding GSWI Related Benchmark Index specified below. We reconstitute and re-weight each GSWI Model Index annually. And we monitor and maintain each GSWI Model Index according to a proprietary process methodology that employs quantitative factors, with a goal of outperforming its corresponding GSWI Related Benchmark Index. We offer no guarantee that this goal will be achieved.

Currently, we offer four types of equity portfolios that are managed as separate accounts in accordance with the GSWI Model Indexes, each of which is described as follows:

(1) **Global Sales-Weighted Index 1500™** (GSWI 1500 All Cap) is a proprietary sales-weighted model index of investable U.S. equities totaling 1500 All Cap companies. We use the Russell 3000® Index as the benchmark index against which the performance of the GSWI 1500 All Cap model index and your portfolio, should you choose this option, are measured. The Russell 3000 Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market.

(2) **Global Sales-Weighted Index 500 Large Cap™** (GSWI 500 Large Cap) is a proprietary sales-weighted model index of investable U.S. equities totaling 500 large-cap companies. We use the S&P 500® Index as the benchmark index against which the performance of the GSWI 500 Large Cap model index and your portfolio, should you choose this option, are measured. The S&P 500 Index is a capitalization-weighted index that includes a representative sample of 500 leading companies in leading industries of the U.S. economy focusing on the large-cap segment of the market, with approximately 75% coverage of U.S. equities.

(3) **Global Sales-Weighted Index 500 Mid Cap™** (GSWI 500 Mid Cap) is a proprietary sales-weighted model index of investable U.S. equities totaling 500 mid-cap companies. We at Sterling Asset Management use the S&P 400™ Index as the benchmark index against which the performance of the GSWI 500 Mid Cap model index and your portfolio, should you choose this option, are measured. The S&P 400 Index is a capitalization-weighted index that is widely used for mid-sized companies and covers over 7% of the U.S. equities market.

(4) **Global Sales-Weighted Index 500 Small Cap™** (GSWI 500 Small Cap) is a proprietary sales-weighted model index of investable U.S. equities totaling 500 small-cap companies. The Advisor uses the S&P 600™ Index as the benchmark index against which the performance of the GSWI 500 Small Cap model index and your portfolio, should you choose this option, are measured. The S&P SmallCap 600 Index is a capitalization-weighted index designed to be an efficient portfolio of companies that meet

specific inclusion criteria to ensure that they are investable and financially viable and covers 3%-4% of the U.S. equities market.

We reconstitute and rebalance annually, the constituent securities underlying each GSWI Model Index to reflect updated reported sales data for those companies eligible for inclusion in the GSWI Model Indexes. During December of each calendar year, we perform the selection process and identify new constituent securities for each GSWI Model Index based upon the last twelve months of reported sales data (from the four most recently reported quarters), for the universe of companies that would satisfy the market capitalization ranges established for each GSWI Model Index. Based upon the reported sales data, we may remove or replace certain existing securities within each GSWI Model Index with new securities. We will assign each constituent security underlying each newly reconstituted GSWI Model Index a percentage weighting. This percentage weighting will be based upon a proprietary calculation involving the reported sales data. Then, we will reconstitute and rebalance each GSWI Model Index to continue managing or to establish new client portfolios accordingly. Except as required for additions to and withdrawals from the portfolio and as may be required for the reinvestment of cash and dividend distributions, no other trading is generally required for client accounts until the GSWI Model Indexes are reconstituted and rebalanced.

The investment process methodology for the GSWI Model Indexes is the exclusive property of, and proprietary to, S-Index, LLC (“S-Index”). As part of our authorization to manage our clients’ accounts that track the model Global Sales-Weighted Indexes, we have entered into a license agreement with S-Index for the use of S-Index’s proprietary process methodology for constructing, monitoring, and maintaining the Global Sales-Weighted Indexes. Additionally, we have entered into a license agreement with S-Index for the use of specific trademarks, service marks and logos owned by S-Index, for purposes of the marketing and sales of the GSWI Program, as well as managing and servicing client portfolios invested within the GSWI Program. We are solely responsible for S-Index’s compensation, which is not dependent on the compensation received by us.

“Standard & Poor’s®”, “S&P®”, “S&P 500®”, “S&P MidCap 400™”, and “S&P SmallCap 600™” are trademarks of the McGraw-Hill Companies, Inc. Standard & Poor’s® shall have no liability for any errors or omissions in calculating the index price and/or performance for any model index within the GSWI Program. The GSWI Indexes are not endorsed or sold by Standard & Poor’s®. Standard & Poor’s® makes no representation regarding the advisability of investing in the GSWI Program.

The Russell 3000® Index is a trademark of Russell Investments. Russell Investments shall have no liability for any errors or omissions in calculating the index price and/or performance for any model index within the GSWI Program. The GSWI Indexes are not endorsed or sold by Russell Investments. Russell Investments makes no representation regarding the advisability of investing in the GSWI Program.

As with the Investment Advisory Services Program, we may use sub-advisors in managing the GSWI Program.

Fees and Compensation

We, at Sterling Asset Management, directly bill our clients quarterly in arrears for our advisory services. The Investment Advisory Services Program and the GSWI Program have separate fee schedules, as set out below. Fees are negotiable to the extent provided in the fee schedules. We reserve the right to negotiate and/or change our fee schedule for new or existing clients, while continuing to charge some or all of our existing clients on the basis of fees and agreements in force prior to the change.

Advisory services are provided pursuant to an investment advisory agreement between Sterling Asset Management and each client. In the event of the termination by either party of the investment advisory agreement governing an advisory relationship, we will prorate and calculate the fees to the date of termination.

We may be hired by other investment advisers to provide sub-advisory services to an account or a portion of an account for fixed income or equity investment styles. In this case, the fees that we may charge an investment adviser for the management of an account may be different from the fees described below for our clients.

Our clients are responsible for other costs of investment, including custodian fees and brokerage and other transaction costs. For more information on brokerage costs, see “Brokerage Practices,” below.

Investment Advisory Services Program Fees

We base our advisory fees for the Investment Advisory Services Program on the applicable percentage of assets under management and we charge quarterly at the annual rates set forth below. For purposes of these fees, a client’s assets under management for a given quarter are equal to the average of the portfolio’s fair market value at the end of each calendar month in the quarter.

Equity:

.60% on the first \$25,000,000;

.50% over \$25,000,000, up to \$75,000,000, and

Fees are negotiable on assets over \$75,000,000.

Enhanced Cash / Enhanced Cash—Government Only:

.25% on the first \$25,000,000;

.20% over \$25,000,000, up to \$100,000,000;

Fees are negotiable on assets over \$100,000,000.

Intermediate-Term Fixed Income:

.30% on the first \$25,000,000;

.25% over \$25,000,000, up to \$100,000,000;

Fees are negotiable on assets over \$100,000,000.

Core Fixed Income:

.35% on the first \$25,000,000;

.30% over \$25,000,000, up to \$100,000,000;

Fees are negotiable on assets over \$100,000,000.

Global Sales-Weighted Index Program Fees

Our fee structure for the GSWI Program (the "GSWI Fee Structure") consists of three options, from which you may choose only one:

Option A: GSWI AUM Fee

Should you select this option, you will pay an annual investment advisory fee rate of 0.45% (45 basis points annually) of assets under management (the "GSWI AUM Fee"). The GSWI AUM Fee will be calculated and payable quarterly in arrears and will be based on the average of each month's ending portfolio account balance as reported by the your custodian bank for the applicable quarter. For purposes of this calculation, additions and withdrawals made on the last trading day of the month will be disregarded. We calculate this quarterly GSWI AUM Fee, which we base upon a rate equal to one-quarter (1/4) of the annual investment advisory fee rate (0.1125%, or 11.25 basis points).

Option B: GSWI AUM/Performance Fee

Should you select this option, you will pay an annual investment advisory fee rate of 0.05% (5 basis points annually, or 1.25 basis points quarterly) of assets under management, just as calculated for the GSWI AUM Fee in Option A, plus a Quarterly Total Return Performance Fee, that is calculated, as set forth below, equal to 10% of the account's outperformance (if any) of the GSWI Related Benchmark Index.

Option C: GSWI Performance Fee

Should you select this option, you will not be charged a fee based on assets under management, regardless of account performance. Your only charge for advisory services will be a Quarterly Total Return Performance Fee, calculated as set forth below, that is equal to 15% of your account's outperformance (if any) of the corresponding GSWI Related Benchmark Index.

The Quarterly Total Return Performance Fee is a performance-based fee. All fee arrangements that include a Quarterly Total Return Performance Fee will be offered only in compliance with the requirements of Rule 205-3 under the Investment Advisers Act of 1940, including the requirement that clients be "qualified clients" within the meaning of that rule. We expect that all clients who invest through the GSWI Program will be qualified clients.

Quarterly Total Return Performance Fee

For Fee Option B and Fee Option C, we shall calculate the Quarterly Total Return Performance fee as follows, with a separate calculation for each portfolio invested in accordance with a corresponding GSWI Model Index (if more than one GSWI Model Index is used):

1. We will obtain the time-weighted total return for your portfolio over the calendar quarter from your account's custodian. The time-weighted total return shall be an average of the actual return achieved by each dollar invested in the portfolio over the calendar quarter (or, in the case of additions to and withdrawals from the portfolio during the calendar quarter, the fraction thereof), including realized and unrealized appreciation, weighted to reflect the portion of the quarter (if less than a full quarter) during which the dollar is invested in the portfolio. We will use the fair market value in valuing all portfolio assets in making this calculation
2. We will calculate the total return of the GSWI Related Benchmark Index, using reputable industry data and information services providers. The GSWI Related Benchmark Index is calculated for the period as a whole and is not time-weighted.
3. We will calculate the excess, if any, of the actual time-weighted total return for the portfolio over the total return of the GSWI Related Benchmark Index. If the time-weighted total return for the portfolio does not exceed the total return of the GSWI Related Benchmark Index, then there shall be no Quarterly Total Return Performance Fee for that quarter. The time-weighted total return for the portfolio may exceed the total

return of the GSWI Related Benchmark Index, and a Quarterly Total Return Performance Fee be payable, even if the time-weighted total return for the portfolio is negative.

4. We will multiply the excess by the applicable percentage rate for the fee option selected by you (10% rate for Option B, 15% rate for Option C), then multiply such product by the average of the fair market values of the portfolio at the end of each month in the quarter to determine the Quarterly Total Return Performance Fee under Option B and Option C of the GSWI Program. For purposes of calculating Quarterly Total Return Performance Fees under Option B and Option C of the GSWI Program, additions and withdrawals made on the last trading day of each month will be disregarded.
5. The Quarterly Total Return Performance Fee will be calculated separately for each quarter, without regard to the portfolio's performance during prior periods.

The following examples illustrate the application of these calculations.

Example 1

A client invests \$100,000,000 in a portfolio for which the GSWI Large Cap 500 is the model index. At the end of the first month, the portfolio is worth \$102,000,000; at the end of the second month, \$104,000,000; and at the end of the third month, \$106,000,000. The GSWI Related Benchmark Index is the S&P 500; it has a total return of 5% over the quarter.

- a. If the client has selected Fee Option A, then the calculation of the GSWI AUM Fee depends solely on the calculation of assets under management. Assets under management, for purposes of the fee calculation, is the average of the month-end balances:

$$(\$102,000,000 + \$104,000,000 + \$106,000,000)/3 = \$104,000,000$$

Then the assets under management are multiplied by 0.1125% (the 0.45% annual rate, divided by 4 to represent the quarterly calculation):

$$\$104,000,000 \times 0.1125\% = \$117,000$$

- b. If the client has selected Fee Option B, then the calculation of the GSWI AUM/Performance Fee depends on both the assets under management and the portfolio's time-weighted total return relative to the total return of the GSWI Related Benchmark Index.

- i. The asset-based portion of the fee is computed the same as the GSWI AUM Fee for Option A, except that the assets under management are multiplied by 0.0125% (the 0.05% annual rate, divided by 4 to represent the quarterly calculation):

$$\$104,000,000 \times 0.0125\% = \$13,000$$

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- ii. The performance-based portion of the fee is dependent on the portfolio's outperformance (if any) of the GSWI Related Benchmark Index. The portfolio's time-weighted total return during the quarter is 6%, (it increased from \$100,000,000 to \$106,000,000, with no additions or withdrawals), while the GSWI Related Benchmark Index has a total return of 5%. The outperformance, therefore, is 1%. This percentage is multiplied by 10% and by the average assets under management (computed as above) to determine the Quarterly Total Return Performance Fee:

$$1\% \times 10\% \times \$104,000,000 = \$104,000$$

- iii. The total GSWI AUM/Performance Fee for Option B is the sum of these two amounts:

$$\$13,000 + \$104,000 = \$117,000$$

- c. If the client has selected Fee Option C, then the fee is based solely on the Quarterly Total Return Performance Fee, calculated as for Fee Option B, except that the applicable percentage is 15%:

$$1\% \times 15\% \times \$104,000,000 = \$156,000$$

Example 2

The client in this example has selected Fee Option C. The account's performance is the same as in Example 1: The client invests \$100,000,000 in a portfolio for which the GSWI Large Cap 500 is the model index, and at the end of the first month, the portfolio is worth \$102,000,000; at the end of the second month, \$104,000,000; and at the end of the third month, \$106,000,000. However, the S&P 500, which is the GSWI Related Benchmark Index, has a total return of 7% for the quarter.

The time-weighted total return for the portfolio over the quarter is 6%. Because this is less than the 7% total return for the GSWI Related Benchmark Index, there is no advisory fee for the quarter.

Performance-Based Fees and Side-By-Side Management

As discussed above under "Fees and Compensation," we charge performance-based fees as well as asset-based fees. Conflicts of interest can arise when accounts charged performance-based fees are managed at the same time as accounts charged asset-based fees. For example, the use of

performance-based fees may give us an incentive to favor those accounts over accounts for which asset-based fees are charged. We believe that these conflicts are substantially mitigated by the fact that we charge performance-based fees only for the GSWI Program, which are investment advisory services designed to track a proprietary equity indexing program.

Types of Clients

We provide discretionary investment supervisory and management services for:

- Retirement plans
- Trusts
- Estates
- Charitable Organizations
- Corporations
- High-net-worth Individuals
- Governments, (Municipal, State and Local)
- Agencies and Authorities
- and Other Governmental Entities.

The minimum investment for the Investment Advisory Services Program is \$5 million.

The minimum investment for a portfolio tracking the GSWI 500 Large Cap, the GSWI 500 Mid Cap, or the GSWI 500 Small Cap is \$10 million, and the minimum investment for a portfolio tracking the GSWI 1500 All Cap is \$250 million.

Methods of Analysis, Investment Strategies and Risk of Loss

Our methods of analysis and investment strategies for the Investment Advisory Services Program and the GSWI Program are discussed above. See “Advisory Business—Investment Advisory Services Program” and “TIGERS Revenue Weighted Index™ Program.”

Risk of Loss – Investing in fixed income securities through the Investment Advisory Services Program does pose interest rate risk. In rising interest rate environments the principal value of fixed income securities will decline. In addition to interest rate risk, investing in corporate bonds

poses credit risk as well. Increased credit risk will generally place downward pressure on the price of a given corporate bond, thereby increasing the likelihood of principal loss.

Investments through the GSWI Program and equity investments through the Investment Advisory Services Program are investments in equity securities and have all the risks of equity investments, including the risk of loss if stock prices decline. These risks may be greater for GSWI Program investments tracking the GSWI 500 Mid Cap or the GSWI 500 Small Cap, as investments in relatively smaller companies may be riskier than investments in relatively larger companies. In addition, there is no assurance that your portfolio assets managed in accordance with the GSWI Model Indexes will be successful in outperforming the GSWI Related Benchmark Indexes or that your investment will provide investment performance matching that of the target index.

Disciplinary Information

Not applicable.

Other Financial Industry Activities and Affiliations

Not applicable.

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

Employees of Sterling Asset Management may buy or sell securities that we recommend to clients. These purchases and sales are governed by our Code of Ethics and Standards of Professional Conduct, (the "Code"), as described in more detail below.

Sterling Asset Management adopted the Code pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 in order to prevent persons who are actively engaged in investment advisory services or portfolio selection for clients from participating in fraudulent, deceptive or manipulative acts, practices or courses of conduct in connection with managing client accounts. The Code establishes certain standards of business conduct to which our officers, members and employees are expected to adhere. In particular, the Code is designed to uphold the following principles: (1) that our duty at all times is to place the interests of our clients first; (2) that all personal securities transactions conducted by any of our officers, members or employees shall be conducted consistently with the provisions of the Code and in such a manner as to avoid any actual or potential conflict of interest or any abuse of that individual's position of trust and responsibility; and (3) that our officers, members and employees shall not take inappropriate advantage of their positions with us. The Code outlines prohibited transactions and conduct by certain officers, members and employees of Sterling Asset Management. The Code mandates that particular employees of Sterling Asset Management submit holdings and transactions reports and certifications of compliance with the Code to our Chief Compliance Officer ("CCO") on an initial, quarterly and annual basis. The CCO is responsible for imposing appropriate sanctions for violations of the Code. The CCO will also prepare a written report, no less frequently than annually if there have been violations, describing any violations of the Code and any sanctions imposed. The Code also contains an Insider Trading Policy that is designed to prevent the misuse of material, nonpublic information by us and our officers, members and employees. The Insider Trading Policy expressly forbids any officer, member or employee from either trading on material non-public information, or communicating material non-public information to others in violation of federal law. The Insider Trading Policy contains detailed procedures to implement and maintain our prohibitions on insider trading and reporting and certification requirements to ensure that the Insider Trading Policy is properly administered and followed. We will provide a copy of the Code to you upon request.

Brokerage Practices

Generally, we have full authority and discretion to engage any broker-dealer to execute investment decisions and transactions for you that, in our opinion, will provide you best execution on a per-trade basis. In selecting broker-dealers to effect client transactions, we

consider a number of factors, including price of securities, commissions, ability to provide prompt execution of orders, abilities and financial wherewithal of the broker-dealer, and in connection with particularly difficult transactions, the broker-dealer's expertise with respect to such transactions.

Typically, to achieve best execution, we will “bunch” or block-trade client orders. If “bunch” or block trading is not available, we will disclose this fact to you and you will not pay higher commissions as a result. While orders are blocked for price, you pay their individually negotiated commission rate. As a result, you will not achieve savings in commissions from block trades.

You may direct us to use a particular broker-dealer to execute transactions for your account. In this circumstance, your direction will be in written form authorizing us to execute all or certain transactions with the particular broker-dealer and you will provide us with a written acknowledgment that you understand that: (A) in directing us to use a particular broker-dealer, we may not be in a position where we can freely negotiate commission rates or spreads, or select broker-dealers on the basis of best price and execution; (B) such directed brokerage transactions may not be commingled or “batched” for purposes of execution with orders for the same securities for other accounts managed by us; and (C) accordingly, your direction of a particular broker-dealer to execute transactions for the account may result in higher commissions, greater spreads or less favorable net prices than might be the case if we were empowered to freely negotiate commission rates or spreads, or to select broker-dealers on the basis of best execution.

When appropriate under our discretionary authority and consistent with our duty to obtain best execution, we may direct brokerage transactions for client accounts to broker-dealers who provide us with research and brokerage services. The brokerage commissions used to acquire these services are known as “soft dollars.” The Section 28(e) of the Securities Exchange Act of 1934 and related SEC interpretive materials provide a “safe harbor” which allows us to pay for research and brokerage services with soft dollars generated by your account transactions. Section 28(e) permits us, under certain circumstances; to cause your accounts to pay broker-dealers a commission for effecting portfolio transactions in excess of the commission another broker-dealer would have charged to effect such transactions. Broker-dealers typically provide a bundle of services, including research and execution. The services provided can be either proprietary (created and provided by the broker-dealer, including tangible research products as well as access to analysts and traders) or third-party (created by third-party but provided by broker-dealer). We may use soft dollars to acquire either type. It is not generally possible to place a dollar value on the special executions or on the research services we receive from broker-dealers effecting transactions in portfolio securities. Accordingly, we may pay broker-dealers commissions for effecting your portfolio transactions in excess of amounts other broker-dealers would have charged for effecting similar transactions if we determine in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services

provided by those broker-dealers, viewed either in terms of a particular transaction or our overall duty to its discretionary accounts.

In determining whether a service qualifies as research or brokerage, we must evaluate whether the service or product provides lawful and appropriate assistance to it in carrying out its investment decision-making responsibilities. Brokerage and research services that may be provided under Section 28(e) include furnishing advice as to the value of securities and as to the advisability of investing in, purchasing or selling securities, and effecting securities transactions and performing functions incidental thereto (such as clearance, settlement, and custody). We will not enter into any agreement or understanding with any broker-dealer that would obligate us to direct a specific amount of brokerage transactions or commissions in return for such services. However, certain broker-dealers may state in advance the amount of brokerage commissions they require for certain services and the applicable cash equivalent.

When we use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research, products or services. We may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on your account receiving most favorable execution. We use soft dollar benefits to service all of our clients' accounts, not just those that paid for the benefits, and we do not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

The following are services acquired with soft dollar credits over the past fiscal year:

1. Bloomberg – Bloomberg is used to monitor security pricing and receive real time market quotes and information from broker dealer contacts.
2. CMS Bondedge – Bondedge is the primary portfolio management tool used for monitoring client fixed income portfolios.
3. Creditsights – Creditsights provides credit research on investment grade fixed income securities held within our client portfolios.
4. Eze Castle – The Eze Castle trading platform is used to execute all equity trading.

All soft dollar trading is executed with the Bank of New York Convergenx trading unit, and all such trades are done with the Convergenx group bidding and offering in competition with a non-soft dollar broker. Trades are executed with soft dollar credits when the levels offered are superior to non-soft dollar prices received from competing brokers.

Review of Accounts

We, at Sterling Asset Management, will meet with you on a regular basis to review your circumstances and determine, if any, significant changes have occurred that require changes to your investment objectives and policies and need to be communicated to any sub-advisor. In addition, we monitor and review your account to ensure adherence to your investment objectives.

We review each account regularly and not less than once a month. Additionally, we will do so whenever information coming to our attention would make a review advisable. Such information would include: change in your situation; changes in the condition, prospects or market price of a portfolio holding; or changes in the financial or securities markets generally. Those that conduct this review are all of the members of our Investment Policy Committee, which normally includes our Chief Investment Officer (“CIO”) and one to three other portfolio managers. The investment management team acts as a group, developing investment policies that are intended to meet client objectives, including the selection of portfolio securities to be added to or eliminated from client accounts. The team members review all accounts at least once per month. Our CIO retains final control over all investment decisions.

We will furnish you with written reports, quarterly or more frequently, as mutually agreed, showing positions and values at the end of the reporting period.

Client Referrals and Other Compensation

Not applicable.

Custody

Not applicable.

Investment Discretion

For accounts managed under the Investment Advisory Services Program, we have discretionary authority to determine and execute, without obtaining consent from our client, the type and amount of securities we will buy or sell within each client account. For our accounts managed under the GSWI Program, the model indexes determine our discretionary authority with respect to the types and amounts of securities we buy or sell within each client's account. See "Advisory Business – Global Sales-Weighted Index Program," above, for a detailed explanation of the GSWI Program. We do not have the authority to replace any of the related benchmark indexes without providing advance notice to our clients.

Our discretionary authority is provide and detailed in the investment management agreement entered into between Sterling Asset Management and you, as our client.

Voting Client Securities

It is not our policy to vote proxies on behalf of our clients. In the event that you, as our client request that we do so, we, as a matter of policy and as a fiduciary to you, have the responsibility for voting proxies for your portfolio securities in your best economic interest. We have a proxy voting relationship with RiskMetrics/ISS. We, at Sterling Asset Management, have adopted the RiskMetrics/ISS Proxy Voting Policy and consistently execute all available shares according to the RiskMetrics/ISS policy. It is our responsibility to establish the relationship with Risk/Metrics/ISS for you at the inception of the relationship. Should any proxy information be given to Sterling Asset Management on your behalf, our employees have been directed to forward that proxy material to the Chief Investment Officer of Sterling Asset Management, who will immediately forward a copy of the materials to RiskMetrics/ISS. We receive periodic vote-history reports from RiskMetrics/ISS (monthly, quarterly, and annually) that detail our accounts' proxy records. We can provide you with periodic proxy reports upon request. Our Chief Investment Officer, in conjunction with our Chief Compliance Officer, have the responsibility for the implementation and monitoring of our proxy voting policies, practices, disclosures and record keeping, as adopted in the RiskMetrics/ISS Proxy Voting Policy. We will provide you with a copy of the RiskMetrics/ISS Proxy Voting Policy upon request.

Financial Information

Not applicable.

Requirements for State-Registered Advisers

Not applicable.

Privacy Policy

As a registered investment adviser, Sterling Asset Management and all supervised persons, must comply with SEC Regulation S-P, which requires investment advisers to adopt policies and procedures to protect the "nonpublic personal information" of natural person clients. "Nonpublic information," under Regulation S-P, includes personally identifiable financial information and any list, description, or grouping that is derived from personally identifiable financial information. Personally identifiable financial information is defined to include information supplied by individual clients, information resulting from transactions, any information obtained in providing products or services. Pursuant to Regulation S-P Sterling Asset Management has adopted policies and procedures to safeguard the information of natural person clients.

We do not disclose any nonpublic information about you to outsiders, except for the custodian of your account, the sub-administrator of your account, or as required by law. We restrict access to your personal and account information to those of our employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards to guard your nonpublic personal information. The only nonpublic information about you that we maintain is collected from information we receive from you on applications or other forms and information about your transactions with us or others. If you ever close your account(s) or become an inactive client, we will continue to adhere to the privacy practice as described in this notice.

Other Information

Anti-Money Laundering

As a securities firm, we are subject to a number of statutory and regulatory requirements that were designed to assist the Federal Government in combating money laundering, including the Bank Secrecy Act ("BSA"), the Money Laundering Control Act of 1986 and the USA Patriot Act of 2001 ("UPA"). We have established an Anti-Money Laundering Policy in which we have affirmed that it is our policy to implement an effective anti-money laundering program. In order to combat money laundering, the Anti-Money Laundering Procedures ("AML Compliance Procedures") have been adopted and made binding on all of our employees.

Political Contributions

We have adopted compliance policies and procedures to mitigate risks of political contributions made by our employees. However, Sterling Asset Management is unable to exercise any control over the political activities of individuals not employed by our firm. Accordingly, these compliance procedures do not apply to non-employees.

Business Continuity

As part of our fiduciary duty to our clients and as a matter of best business practices, Sterling Asset Management has adopted policies and procedures for disaster recovery and for continuing our business in the event of an emergency or a disaster. These policies are designed to allow us to resume providing service to our clients in as short a period of time as possible. These policies are, to the extent practicable, designed to address those specific types of disasters that we might reasonably face given our business and location.

Item 1- Cover Page

David Killian
Sterling Asset Management, LLC
120 South Warner Road, Suite 101
King of Prussia, PA 19406
610-254-7630
May 12, 2011

This Brochure Supplement, (Form ADV P2B) provides information about David Killian that supplements the Sterling Asset Management, LLC Brochure, (Form ADV P2A). You should have received a copy of that Brochure.

Please contact us at 610-254-7630 if you did not receive Sterling Asset Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about David Killian is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2- Educational Background and Business Experience

David M. Killian - Born 1970

Education: Villanova University, Villanova, Pennsylvania
BS Finance 1996

Business:

Sterling Asset Management, LLC (previously named Valley Forge Advisors, LLC)
Principal, Portfolio Manager, 7/08 - Present

StoneRidge Investment Partners
Partner, Director of Fixed Income, 9/99 - 7/08

Wachovia Bank - Evergreen Investments
Portfolio Manager, 1995 - 9/99

Item 3- Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

Item 4- Other Business Activities

No information is applicable to this Item.

Item 5- Additional Compensation

No information is applicable to this Item.

Item 6 - Supervision

Each one of the three Principals of Sterling Asset Management, LLC has key responsibilities in the day to day operations of the firm. As a component of the ongoing compliance program, each principal will periodically submit a review form providing documentation as evidence of oversight of these responsibilities for the compliance program and the other Principals of the firm. In the case of a specific event that would require resolution, Jack Meehan would have supervisory oversight of Terry Soffera, Terry Soffera would have similar oversight over David Killian, and David Killian would provide oversight to Jack Meehan.

Item 7- Requirements for State-Registered Advisers

No information is applicable to this Item.

Item 1- Cover Page

John F. Meehan
Sterling Asset Management, LLC
120 South Warner Road, Suite 101
King of Prussia, PA 19406
610-254-7630
May 12, 2011

This Brochure Supplement, (Form ADV P2B) provides information about John F. Meehan that supplements the Sterling Asset Management, LLC Brochure, (Form ADV P2A). You should have received a copy of that Brochure.

Please contact us at 610-254-7630 if you did not receive Sterling Asset Management's brochure or if you have any questions about the contents of this supplement.

Additional information about John F. Meehan is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2- Educational Background and Business Experience

John F. Meehan - Born 1949

Education: University of Notre Dame, Notre Dame, Indiana
B.A. Economics, 1971

Business:

Sterling Asset Management, LLC (previously named Valley Forge Advisors, LLC)
Principal, Sales and Marketing, 9/07 to Present

Valley Forge Trust Company
Managing Director of Institutional Sales, 11/06 to 9/07

Gartmore
Director of Institutional Sales, 11/99 to 11/06

Republic Bank of New York
Director of Institutional Sales, 11/97 to 11/99

Prudential
Regional Representative, Vice President, 6/94 to 11/97

Merrill Lynch
Regional Representative, Vice President, 11/82 to 6/94

Item 3- Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

Item 4- Other Business Activities

No information is applicable to this Item.

Item 5- Additional Compensation

No information is applicable to this Item.

Item 6 - Supervision

Each one of the three Principals of Sterling Asset Management, LLC has key responsibilities in the day to day operations of the firm. As a component of the ongoing compliance program, each principal will periodically submit a review form providing documentation as evidence of oversight of these responsibilities for the compliance program and the other Principals of the firm. In the case of a specific event that would require resolution, Jack Meehan would have supervisory oversight of Terry Soffera, Terry Soffera would have similar oversight over David Killian, and David Killian would provide oversight to Jack Meehan.

Item 7- Requirements for State-Registered Advisers

No information is applicable to this Item.

Item 1- Cover Page

Terry J. Soffera
Sterling Asset Management, LLC
120 South Warner Road, Suite 101
King of Prussia, PA 19406
610-254-7630
May 12, 2011

This Brochure Supplement, (Form ADV P2B) provides information about Terry J. Soffera that supplements the Sterling Asset Management, LLC Brochure, (Form ADV P2A). You should have received a copy of that Brochure.

Please contact us at 610-254-7630 if you did not receive Sterling Asset Management's brochure or if you have any questions about the contents of this supplement.

Additional information about Terry J. Soffera is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2- Educational Background and Business Experience

Terry J. Soffera - Born 1953

Education: Kutztown University
BS, 1976

Business:

Sterling Asset Management, LLC (previously named Valley Forge Advisors, LLC
Chief Investment Officer/Senior Portfolio Manager, 9/07 to Present

Valley Forge Trust Company
Vice President/Chief Investment Officer, 5/06 to 9/07

The Swarthmore Group
Senior Portfolio Manager/Fixed Income Product Manager, 8/03 to 9/05

Providence Investment Advisors LLC
Founding Partner/Chief Operating Officer, 3/02 to 8/03

RRZ Investment Management Inc
Senior Vice President/Portfolio Manager, 4/98 to 6/02

Meridian Investment Company
Senior Portfolio Manager/Fixed Income Product Manager, 1/92 to 3/98

Item 3- Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

Item 4- Other Business Activities

No information is applicable to this Item.

Item 5- Additional Compensation

No information is applicable to this Item.

Item 6 - Supervision

Each one of the three Principals of Sterling Asset Management, LLC has key responsibilities in the day to day operations of the firm. As a component of the ongoing compliance program, each principal will periodically submit a review form providing documentation as evidence of oversight of these responsibilities for the compliance program and the other Principals of the firm. In the case of a specific event that would require resolution, Jack Meehan would have supervisory oversight of Terry Soffera, Terry Soffera would have similar oversight over David Killian, and David Killian would provide oversight to Jack Meehan.

Item 7- Requirements for State-Registered Advisers

No information is applicable to this Item.