



**SUPPLEMENT DATED MAY 17, 2013 TO THE  
STERLING CAPITAL EQUITY INDEX FUND CLASS A, CLASS B AND CLASS C  
SHARES PROSPECTUS, INSTITUTIONAL SHARES PROSPECTUS AND  
STATEMENT OF ADDITIONAL INFORMATION,  
EACH DATED MAY 1, 2013, AS AMENDED**

**Effective immediately, this Supplement provides the following amended and supplemental information and supersedes any information to the contrary in the Sterling Capital Equity Index Fund Class A, Class B and Class C Shares Prospectus, Institutional Shares Prospectus and Statement of Additional Information, each dated May 1, 2013, as amended:**

**Sterling Capital Equity Index Fund**

The Board of Trustees of Sterling Capital Funds (the "Trust") has approved the liquidation and termination of the Sterling Capital Equity Index Fund (the "Fund"). Accordingly, the assets of the Fund will be liquidated on June 28, 2013. After paying in full all known or reasonably ascertainable liabilities of the Fund, including without limitation all charges, taxes and expenses of the Fund, whether due, accrued or anticipated, that have been incurred or are expected to be incurred by the Fund, the Fund will distribute to its shareholders their pro rata share of the proceeds. Proceeds of the liquidation are expected to be distributed to shareholders of the Fund in a complete redemption of their shares on or about June 28, 2013 in the manner set forth below.

A shareholder letter will be sent to existing shareholders who hold their shares directly with the Fund, setting forth the various options and instructions with respect to the liquidation and the distribution of each shareholder's liquidation proceeds. Any direct shareholder may elect to have liquidation proceeds sent to them via check. Shareholders may also elect to exchange their Fund shares at no cost into the same class of shares of any other fund in the Sterling Capital Funds' complex. In the event a shareholder elects to invest in a Sterling Capital Fund with a front-end sales charge, that charge will be waived; however, subsequent investments will be subject to the sales charge. IRA shareholders who do not provide instructions to the Trust on where to send the liquidation proceeds by June 24, 2013, will have their liquidation proceeds automatically placed into the Sterling Capital Deposit Account ("SCDA") until they elect to withdraw their liquidation proceeds or exchange their liquidation proceeds into another fund in the Sterling Capital Funds' complex (subject to the exchange conditions described above). The SCDA is an interest-bearing account offered through an arrangement with Branch Banking and Trust Company and is not a mutual fund. Each SCDA depositor is federally insured by the Federal Deposit Insurance Corporation ("FDIC") subject to FDIC limits and conditions. Please call 1-800-228-1872 or visit [www.sterlingcapitalfunds.com](http://www.sterlingcapitalfunds.com) for more information about the SCDA. **If you are holding your shares in the Fund through a financial intermediary, please contact your financial representative to discuss your options.**

Before completing the liquidation, the Fund intends to distribute any accumulated net realized capital gains and net investment income to shareholders of the Fund; these distributions will be taxable to shareholders who do not hold their shares in a tax-advantaged account such as an IRA or 401(k). Shareholders that hold shares in a taxable account will generally be taxed on receipt of liquidation proceeds in the same manner as on the sale or redemption of their shares.

Please contact your financial advisor or Sterling Capital Funds at 1-800-228-1872 if you have any questions.

SHAREHOLDERS SHOULD RETAIN THIS SUPPLEMENT WITH THE PROSPECTUS  
AND STATEMENT OF ADDITIONAL INFORMATION FOR FUTURE REFERENCE



## PROSPECTUS

MAY 1, 2013

EQUITY INDEX FUND






BIEQX

INSTITUTIONAL SHARES

### **Questions?**

Call 1-800-228-1872  
or your investment representative.

The U.S. Securities and Exchange Commission has not approved or disapproved the shares described in this prospectus or determined whether this prospectus is accurate or complete. Anyone who tells you otherwise is committing a crime.

<p><i>Carefully review this important section which summarizes the Fund's objective, fees, principal investment strategies and risks, past performance, management, how to buy and sell fund shares, tax information and payments to broker-dealers.</i></p>	 <b>Fund Summary</b> <hr/> 3    Equity Index Fund
<p><i>Review this section for additional information on investment strategies and their risks.</i></p>	 <b>Additional Investment Strategies and Risks</b> <hr/> 8    Investment Practices 9    Investment Risks
<p><i>Review this section for details on the people and organizations who oversee the Fund.</i></p>	 <b>Fund Management</b> <hr/> 12    The Investment Adviser 12    Portfolio Managers 13    The Administrator and Underwriter
<p><i>Review this section for details on how shares are valued, how to purchase, sell and exchange shares, related charges, and payments of dividends and distributions.</i></p>	 <b>Shareholder Information</b> <hr/> 14    Choosing a Share Class 15    Pricing of Fund Shares 16    Purchasing and Adding to Your Shares 18    Selling Your Shares 20    General Policies on Selling Shares 22    Distribution Arrangements/Sales Charges 23    Exchanging Your Shares 24    Cost Basis Reporting 24    Market Timing Policies 24    Dividends, Distributions and Taxes 26    Additional Information About the Fund
	 <b>Other Information About the Fund</b> <hr/> 27    Financial Highlights



Institutional Shares BIEQX

**Investment Objective**

The Fund seeks to provide investment results that correspond as closely as practicable, before fees and expenses, to the total return of the broad range of stocks represented in the Standard & Poor's 500® Index (the "S&P 500® Index").

**Fee Table**

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

**Shareholder Fees<sup>(1)</sup>** (fees paid directly from your investment)

	<b>Institutional Shares</b>
Maximum Sales Charge (load) on Purchases (as a % of offering price)	None
Maximum Deferred Sales Charge (load) (as a % of the lesser of the cost of your shares or their net asset value at the time of redemption)	None
Redemption Fee	None

**Annual Fund Operating Expenses<sup>(1)</sup>** (expenses that you pay each year as a percentage of the value of your investment)

	<b>Institutional Shares</b>
Management Fees	0.05%
Distribution and Service (12b-1) Fees	0.00%
Other Expenses	0.82%
Total Annual Fund Operating Expenses	0.87%

<sup>(1)</sup> The Shareholder Fees and Annual Fund Operating Expenses tables reflect the expenses of both the S&P 500 Stock Master Portfolio (the "Master Portfolio") and the Fund.

**Example<sup>(1)</sup>**

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year, and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
<b>Institutional Shares</b>	\$89	\$278	\$482	\$1,073

You would pay the following expenses if you did not redeem your shares:

	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
<b>Institutional Shares</b>	\$89	\$278	\$482	\$1,073

<sup>(1)</sup> The Example reflects the expenses of both the Master Portfolio and the Fund.

## Strategy, Risks and Performance

### Portfolio Turnover

The Master Portfolio pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs at the Master Portfolio level. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund’s performance. High turnover rates can also result in higher taxes to Fund shareholders that hold shares in a taxable account. During the most recent fiscal year, the Master Portfolio’s portfolio turnover rate was 10% of the average value of its portfolio.

### Principal Strategy

To pursue its investment objective, the Fund presently invests all of its assets in the Master Portfolio, which is a series of Master Investment Portfolio, an open-end, management investment company. The Master Portfolio has substantially the same investment objective as the Fund. For simplicity’s sake, all discussions of the Fund’s investment objective, strategies, and risks refer also to the Master Portfolio’s objective, strategies, and risks, unless otherwise indicated.

The Master Portfolio seeks to replicate the total return performance of the S&P 500® Index, which is composed of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The S&P 500® Index is a capitalization-weighted index from a broad range of industries chosen for market size, liquidity and industry group representation. The component stocks are weighted according to the total float-adjusted market value of their outstanding shares (i.e., they are weighted according to the public float which is the total market value of their outstanding shares readily available to the general marketplace for trading purposes). The percentage of the Master Portfolio’s assets invested in a given stock is approximately the same as the percentage such stock represents in the S&P 500® Index.

The Master Portfolio is managed by determining which securities are to be purchased or sold to reflect, to the extent feasible, the investment characteristics of its benchmark index. Under normal circumstances, at least 90% of the value of the Master Portfolio’s assets, plus the amount of any borrowing for investment purposes, is invested in securities comprising the S&P 500® Index.

**Master/Feeder Structure.** While Sterling Capital is the Fund’s named investment adviser, Sterling Capital receives no management fee, and has no day-to-day management duties while the Fund is fully invested in a separate open-end management investment company, such as the Master Portfolio, that has a substantially similar investment objective as the Fund. BlackRock Fund Advisors serves as investment adviser for the Master Portfolio. The Master Portfolio may accept investments from other feeder funds.

**Master/Feeder Fund Expenses.** The feeder funds that invest in the Master Portfolio bear the Master Portfolio’s expenses in proportion to the amount of assets each invests in the Master Portfolio. Each feeder fund can set its own transaction minimums, fund-specific expenses, and conditions. Because the Fund invests all of its assets in the Master Portfolio, the Fund and its shareholders will bear the fees and expenses for the Fund and the Master Portfolio, with the result that the Fund’s expenses may be higher than those of other mutual funds that invest directly in securities.

### Principal Risks

All investments carry a certain amount of risk and the Fund cannot guarantee that it will achieve its investment objective. An investment in the Fund is not a deposit or obligation of any bank, is not endorsed or guaranteed by any bank and is not insured by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. You may lose money by investing in the Fund. Below are all of the principal risks of investing in the Fund.

**Equity Securities Risk:** Stock markets are volatile. The price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions.

**Index Fund Risk:** An index fund has operating and other expenses while an index does not. As a result, while the Fund will attempt to track the S&P 500® Index as closely as possible, it will tend to underperform the index to some degree over time. If an index fund is properly correlated to its stated index, the fund will perform poorly when the index performs poorly.

**Index Investing:** The Fund attempts to track the performance of the S&P 500® Index. Therefore, securities may be purchased, retained and sold by the Fund at times when an actively managed fund would not do so. If the value of securities that are heavily weighted in the index changes, you can expect a greater risk of loss than would be the case if the Fund were not fully invested in such securities. The Fund reserves the right to concentrate its investments with respect to investments in any industry in which the S&P 500® Index becomes concentrated to the same degree during the same period. To the extent the Fund concentrates in a particular industry, it may be more susceptible to economic conditions and risks affecting that industry. Imperfect correlation between the Fund's portfolio securities and those in the S&P 500® Index, Fund fees and expenses, maintenance of cash balances to meet redemption requests, rounding of prices and changes to an index and regulatory policies may cause tracking error, which is the divergence of the Fund's performance from that of the Fund's benchmark index.

**Investment Style Risk:** The possibility that the market segment on which this Fund focuses – stocks in the S&P 500® Index – will underperform other kinds of investments or market averages.

**Investment Company Risk:** Investing in the Master Portfolio subjects the Fund to the Master Portfolio's risks, including the risk that the Master Portfolio will not perform as expected. As a shareholder in the Master Portfolio, the Fund, and indirectly the Fund's shareholders, bear a ratable share of the Master Portfolio's expenses, with the result that the Fund's expenses may be higher than those of other mutual funds that invest directly in securities.

**Selection Risk:** Selection risk is the risk that the securities selected by fund management will underperform the markets, the relevant indices or the securities selected by other funds with similar investment objectives and investment strategies. This means you may lose money.

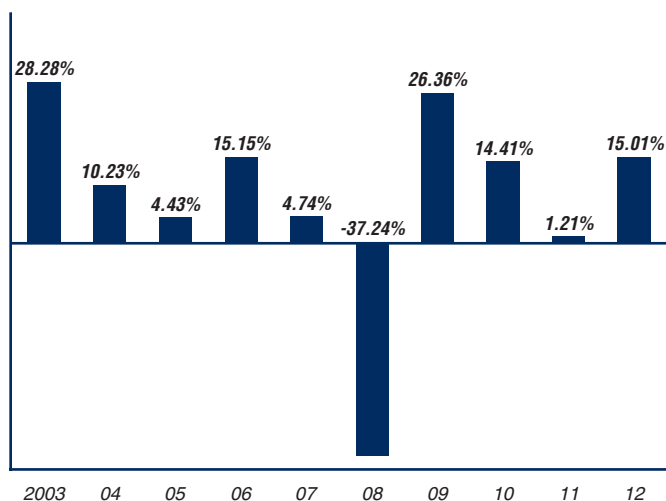
**Liquidity Risk:** Liquidity risk exists when particular investments are difficult to purchase or sell. The Master Portfolio's investments in illiquid securities may reduce the returns of the Master Portfolio because it may be difficult to sell the illiquid securities at an advantageous time or price. To the extent that the Master Portfolio's principal investment strategies involve derivatives or securities with substantial market and/or credit risk, the Master Portfolio will tend to have the greatest exposure to liquidity risk. Illiquid investments may be harder to value, especially in changing markets.

**Market Risk:** Market risk is the risk that one or more markets in which the Fund invests will go down in value, including the possibility that the markets will go down sharply and unpredictably.

For more information about the Fund's risks, please see the "Additional Investment Strategies and Risks" section of this Prospectus.

**Performance**

The following bar chart and table provide some indication of the risks of investing in the Fund. The bar chart shows changes in the Fund's performance from year to year. The table shows how the Fund's average annual returns for 1, 5, and 10 years and since the Fund's inception compared with those of a broad measure of market performance. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. *Updated performance information is available at no cost by visiting [www.sterlingcapitalfunds.com](http://www.sterlingcapitalfunds.com) or by calling 1-800-228-1872.*

**Institutional Shares Annual Total Returns for years ended 12/31<sup>(1)</sup>**

Best quarter: 15.86% 06/30/09  
Worst quarter: -21.93% 12/31/08

**Average Annual Total Returns** as of December 31, 2012<sup>(1)</sup>

	1 Year	5 Years <sup>(1)</sup>	10 Years <sup>(1)</sup>	Since Inception <sup>(1)</sup>
<b>Institutional Shares</b>				
Return Before Taxes	15.01%	1.10%	6.52%	7/2/93 7.54%
Return After Taxes on Distributions	14.45%	0.74%	6.20%	7.34%
Return After Taxes on Distributions and Sale of Fund Shares	9.75%	0.78%	5.62%	6.78%
<b>S&amp;P 500® Index</b>				
(reflects no deductions for fees, expenses, or taxes)	16.00%	1.66%	7.10%	8.17%

<sup>(1)</sup> Institutional Shares commenced operations on May 1, 2007. For the period from September 11, 2000 to April 30, 2007, the performance data includes the performance of the Fund's Class A Shares. Institutional and Class A Shares of the Fund would have substantially similar performance because the Shares are invested in the same portfolio of securities. Annual returns will differ only to the extent that the Classes or the Master Portfolio have different expenses.

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold their Fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.

**Management****Investment Adviser**

Sterling Capital Management LLC (“Sterling Capital” or the “Adviser”)

**Investment Adviser to the Master Portfolio**

BlackRock Fund Advisors (“BFA”)

**Portfolio Managers<sup>(1)</sup>**

Edward Corallo

Head of Portfolio Management in the Index Equity Group at BlackRock, Inc.

Portfolio Manager of the Master Portfolio

since May 2009

Christopher Bliss, CFA, CPA

Senior Portfolio Manager at BlackRock, Inc.

Portfolio Manager of the Master Portfolio

since May 2009

Greg Savage, CFA

Senior Portfolio Manager at BlackRock, Inc.

Portfolio Manager of the Master Portfolio

since January 2008

<sup>(1)</sup> The Fund invests all of its assets directly in the Master Portfolio, for which BFA serves as investment adviser. Messrs. Corallo, Bliss, and Savage, employees of BFA and BlackRock, Inc., are responsible for coordinating the portfolio management of the Master Portfolio.

**Purchase and Sale of Fund Shares**

<b>Account Type</b>	<b>Minimum Initial Investment*</b>	<b>Minimum Subsequent Investment</b>
Regular Account	\$1,000,000	\$0

\* Investors and employees of Sterling Capital purchasing shares through Branch Banking and Trust Company, its affiliates or other financial service providers or intermediaries approved by the Distributor are not subject to a minimum initial investment requirement.

You may buy Institutional Shares of the Fund through procedures established by the Fund in connection with the requirements of fiduciary, advisory, agency, custodial and other similar accounts maintained by or on behalf of customers of Branch Banking and Trust Company or one of its affiliates or other financial service providers or intermediaries approved by the Fund. These parties are responsible for transmitting orders by close of business. Consult your investment representative or institution for specific information. Institutional Shares also are available for purchase at [www.sterlingcapitalfunds.com](http://www.sterlingcapitalfunds.com).

**Tax Information**

The Fund normally distributes its net investment income and net realized capital gains, if any, to shareholders. These distributions are generally taxable to you as ordinary income or capital gains, unless you are investing through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account.

**Payments to Broker-Dealers and Other Financial Intermediaries**

If you purchase the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary’s Web site for more information.





### Investment Practices

The Fund and the Master Portfolio invest in a variety of securities and employ a number of investment techniques. Each security and technique involves certain risks. The following sections describe the securities and techniques the Fund and Master Portfolio use, as well as the main risks they pose. Equity securities are subject mainly to market risk. You may also consult the SAI for additional details regarding these and other permissible investments.

### Principal Strategies

The following descriptions provide additional information about the Fund's principal investment strategies or practices.

**Tracking.** The Fund seeks to achieve its investment objective by investing all of its assets in the Master Portfolio. Under normal market conditions, at least 90% of the Master Portfolio's net assets, including any borrowing for investment purposes, is invested in securities comprising the S&P 500® Index. The Master Portfolio attempts to achieve, in both rising and falling markets, a correlation of at least 95% between the total return of its net assets before expenses and the total return of the S&P 500® Index. Notwithstanding the factors described below, perfect (100%) correlation would be achieved if the total return of the Master Portfolio's net assets, before fees and expenses, increased or decreased exactly as the total return of the Master Portfolio's benchmark index increased or decreased. The Master Portfolio's ability to match its investment performance to the investment performance of its benchmark index may be affected by, among other things, the Master Portfolio's expenses, the amount of cash and cash equivalents held by the Master Portfolio, the manner in which the total return of the Master Portfolio's benchmark index is calculated; the size of the Master Portfolio's investment portfolio; and the timing, frequency and size of shareholder purchases and redemptions.

The Master Portfolio seeks to replicate the total return performance of the S&P 500® Index by investing the Master Portfolio's assets so that the percentage of Master Portfolio assets invested in a given stock is approximately the same as the percentage such stock represents in the S&P 500® Index. BFA makes no attempt to apply economic, financial, or market analysis when managing the Master Portfolio. In addition, at times, the portfolio composition of the Master Portfolio may be altered (or "rebalanced") to reflect changes in the characteristics of the S&P 500® Index.

As a matter of non-fundamental policy, under normal circumstances, the Fund will invest at least 80% of its net assets plus borrowings for investment purposes in the securities comprising an equity index selected by Sterling Capital or another investment company that invests substantially all of its assets in such an index. This policy will not be changed without at least 60 days' written notice to shareholders.

**Investing in Indexes.** Investors look to indexes as a standard of performance. Indexes are model portfolios, groups of stocks or bonds selected to represent not actual securities, but an entire market. One way an index fund can seek to match an index's performance, before fees and expenses, is through buying all the index's securities in the same proportion as they are reflected in the index. This is what the Master Portfolio does with regard to the S&P 500® Index.

**Master/Feeder Structure.** While Sterling Capital is the Fund's named investment adviser, Sterling Capital receives no management fee, and has no day-to-day management duties while the Fund is fully invested in a separate open-end management investment company, such as the Master Portfolio, that has a substantially similar investment objective as the Fund. BFA serves as investment adviser for the Master Portfolio. The Master Portfolio may accept investments from other feeder funds.

**Master/Feeder Fund Expenses.** The feeder funds that invest in the Master Portfolio bear the Master Portfolio's expenses in proportion to the amount of assets each invests in the Master Portfolio. Each feeder fund can set its own transaction minimums, fund-specific expenses, and conditions. Because the Fund invests all of its assets in the Master Portfolio, the Fund and its shareholders will bear the fees and expenses for the Fund and the Master Portfolio, with the result that the Fund's expenses may be higher than those of other mutual funds that invest directly in securities.

**Feeder Fund Rights.** Under the master/feeder structure, Sterling Capital, the Fund's Adviser, may withdraw the Fund's assets from the Master Portfolio if the Fund's Board of Trustees determines that doing so is in shareholders' best interests. If the Adviser withdraws the Fund's assets, it would then consider whether it should assume day-to-day management, invest in another master portfolio, or recommend other action to the Fund's Board of Trustees.

Non-Principal Strategies

The following descriptions provides additional information about the Fund’s non-principal investment strategies or practices. The Master Portfolio also may engage in futures and options transactions and other derivative securities transactions and lend its portfolio securities, each of which involves risk. The Master Portfolio may use futures contracts, options and other derivative transactions to manage its short-term liquidity and/or as substitutes for comparable market positions in the securities in its benchmark index. The Master Portfolio may also invest in high-quality money market instruments, including shares of money market funds advised by BFA or its affiliates. Information about certain of these investments and the risks associated with these investments is included below.

Instrument	Risk Type
<b>Derivatives:</b> Instruments whose value is derived from an underlying contract, index or security, or any combination thereof, including futures, options (e.g., puts and calls), options on futures, and swap agreements.	Management Market Credit Liquidity Derivatives Interest Rate
<b>Futures and Related Options:</b> A contract providing for the future sale and purchase of a specified amount of a specified security, class of securities, or an index at a specified time in the future and at a specified price.	Management Market Credit Liquidity Derivatives
<b>Securities Lending:</b> The lending of up to 33 ⅓% of the Master Portfolio’s total assets, including the assets received by the Master Portfolio as collateral for securities loaned. In return the Master Portfolio will receive cash, other securities, and/or letters of credit as collateral.	Market Derivatives Liquidity Credit

Investment Risks

Below is a more complete discussion of the types of risks inherent in the securities and investment techniques listed above as well as those risks discussed in “Strategy, Risks and Performance.” Because of these risks, the value of the securities held by the Fund and the Master Portfolio may fluctuate, as will the value of your investment in the Fund. Certain investments are more susceptible to these risks than others.

Principal Risks

The following are principal risks for the Fund.

**Equity Securities Risk.** Common and preferred stocks represent equity ownership in a company. Stock markets are volatile. The price of equity securities will fluctuate and can decline and reduce the value of a portfolio investing in equities. The value of equity securities purchased by the Fund could decline if the financial condition of the companies the Fund invests in declines or if overall market and economic conditions deteriorate. They may also decline due to factors that affect a particular industry or industries, such as labor shortages or an increase in production costs and competitive conditions within an industry. In addition, they may decline due to general market conditions that are not specifically related to a company or industry, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or generally adverse investor sentiment.

**Index Fund Risk.** An index fund has operating and other expenses while an index does not. As a result, while the Fund will attempt to track the S&P 500® Index as closely as possible, it will tend to underperform the S&P 500® Index to some degree over time. If an index fund is properly correlated to its stated index, the fund will perform poorly when the index performs poorly.

## Additional Investment Strategies and Risks

**Index Investing.** The Fund attempts to track the performance of the S&P 500® Index. Therefore, securities may be purchased, retained and sold by the Fund at times when an actively managed fund would not do so. If the value of securities that are heavily weighted in the index changes, you can expect a greater risk of loss than would be the case if the Fund were not fully invested in such securities. The Master Portfolio reserves the right to concentrate its investments to approximately the same extent that the S&P 500® Index concentrates in a particular industry. To the extent the Master Portfolio concentrates in a particular industry, it may be more susceptible to economic conditions and risks affecting that industry. Imperfect correlation between the Master Portfolio's portfolio securities and those in the S&P 500® Index, Fund fees and expenses, maintenance of cash balances to meet redemption requests, rounding of prices and changes to an index and regulatory policies may cause tracking error, which is the divergence of the Master Portfolio's performance from that of the Fund's benchmark index.

**Investment Style Risk.** The risk that returns from a particular class or group of stocks (*e.g.*, value, growth, small cap, large cap) will trail returns from other asset classes or the overall stock market. Groups or asset classes of stocks tend to go through cycles of doing better or worse than common stocks in general. These cycles can last for periods as long as several years. Additionally, a particular asset class or group of stocks could fall out of favor with the market, causing the Fund to underperform funds that focus on other types of stocks.

**Investment Company Risk.** Investing in the Master Portfolio subjects the Fund to the Master Portfolio's risks, including the risk that the Master Portfolio will not perform as expected. As a shareholder in the Master Portfolio, the Fund, and indirectly the Fund's shareholders, bear a ratable share of the Master Portfolio's expenses and the Fund at the same time continues to pay its own fees and expenses. Investments in other investment companies, such as the Master Portfolio, may be subject to investment or redemption limitations or special charges, such as redemption fees.

**Liquidity Risk.** Liquidity risk exists when particular investments are difficult to purchase or sell. The Master Portfolio's investments in illiquid securities may reduce the returns of the Master Portfolio because it may be difficult to sell the illiquid securities at an advantageous time or price. To the extent that the Master Portfolio's principal investment strategies involve derivatives or securities with substantial market and/or credit risk, the Master Portfolio will tend to have the greatest exposure to liquidity risk. Liquid investments may become illiquid after purchase by the Master Portfolio, particularly during periods of market turmoil. Illiquid investments may be harder to value, especially in changing markets, and if the Master Portfolio is forced to sell these investments to meet redemption requests or for other cash needs, the Master Portfolio may suffer a loss. In addition, when there is illiquidity in the market for certain securities, the Master Portfolio, due to limitations on illiquid investments, may be subject to purchase and sale restrictions.

**Selection Risk.** Selection risk is the risk that the securities selected by Fund management will underperform the markets, the relevant indices or the securities selected by other funds with similar investment objectives and investment strategies. This means you may lose money.

**Market Risk.** Market risk is the risk that one or more markets in which the Fund invests will go down in value, including the possibility that the markets will go down sharply and unpredictably.

### Non-Principal Risks

The following are non-principal risks for the Fund.

**Concentration Risk.** The Fund reserves the right to concentrate its investments (*i.e.*, invest 25% or more of its total assets in securities of issuers in a particular industry) to approximately the same extent that its benchmark index concentrates in a particular industry. To the extent the Fund concentrates in a particular industry, it may be more susceptible to economic conditions and risks affecting that industry.

**Derivatives Risk.** The Master Portfolio's use of derivatives may reduce the Master Portfolio's returns and/or increase volatility. Volatility is defined as the characteristic of a security, an index or a market to fluctuate significantly in price within a short time period. A risk of the Master Portfolio's use of derivatives is that the fluctuations in their values may not correlate perfectly with the overall securities markets. Derivatives are also subject to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation. In addition, some derivatives are more sensitive to interest rate changes and market price fluctuations than other securities. The possible lack of a liquid secondary market for derivatives and the resulting inability of the Master Portfolio to sell or otherwise close a derivatives position could expose the Master Portfolio to losses and could make derivatives more difficult for the Master Portfolio to value accurately. The Master Portfolio could also suffer losses related to its derivatives positions as a result of unanticipated market movements, which losses are potentially unlimited. Finally, BFA may not be able to predict correctly the direction of securities prices, interest rates and other economic factors, which could cause the Master Portfolio's derivatives positions to lose value. When a derivative is used as a hedge against a position that the Master Portfolio holds, any loss generated by the derivative generally should be substantially offset by gains on the hedged investment, and vice versa. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains. Hedges are sometimes subject to imperfect matching between the derivative and the underlying security, and there can be no assurance that the Master Portfolio's hedging transactions will be effective. The income from certain derivatives may be subject to U.S. federal income tax.

**Expense Risk.** Fund expenses are subject to a variety of factors, including fluctuations in the Fund's net assets. Accordingly, actual expenses may be greater or less than those indicated. For example, to the extent that the Fund's net assets decrease due to market declines or redemptions, the Fund's expenses will increase as a percentage of Fund net assets. During periods of high market volatility, these increases in the Fund's expense ratio could be significant.

**Leverage Risk.** Some transactions may give rise to a form of economic leverage. These transactions may include, among others, derivatives, and may expose the Master Portfolio to greater risk and increase its costs. As an open-end investment company registered with the Securities and Exchange Commission ("SEC"), the Master Portfolio is subject to the federal securities laws, including the Investment Company Act of 1940, as amended ("1940 Act"), the rules thereunder, and various SEC and SEC staff interpretive positions. In accordance with these laws, rules and positions, the Master Portfolio must "set aside" liquid assets (often referred to as "asset segregation"), or engage in other SEC- or staff-approved measures, to "cover" open positions with respect to certain kinds of instruments. The use of leverage may cause the Master Portfolio to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to meet any required asset segregation requirements. Increases and decreases in the value of the Master Portfolio's portfolio will be magnified when the Master Portfolio uses leverage.

**Management Risk.** The risk that a strategy used by the Fund or Master Portfolio's management may fail to produce the intended result. This includes the risk that changes in the value of a hedging instrument will not match those of the asset being hedged. Incomplete matching can result in unanticipated risks.

**Passive Investment Risk.** Because BFA does not select individual companies in the index that the Fund tracks, the Fund may hold securities of companies that present risks that an investment adviser researching individual securities might seek to avoid.

**Securities Lending Risk.** Securities lending involves the risk that the borrower may fail to return the securities in a timely manner or at all. As a result, the Master Portfolio may lose money and there may be a delay in recovering the loaned securities. The Master Portfolio could also lose money if it does not recover the securities and/or the value of the collateral falls, including the value of investments made with cash collateral. These events could trigger adverse tax consequences for the Master Portfolio.



### The Investment Adviser

**Adviser to the Fund.** Sterling Capital Management LLC (“Sterling Capital” or the “Adviser”) is the investment adviser for the Fund. Sterling Capital, located at Two Morrocroft Centre, 4064 Colony Road, Suite 300, Charlotte, NC 28211, is a North Carolina limited liability company and an independently managed subsidiary of BB&T Corporation (“BB&T”). Sterling Capital manages and supervises the investment of the Fund’s assets on a discretionary basis, subject to oversight by the Board of Trustees. Sterling Capital has provided investment management services to corporations, pension and profit sharing plans, trusts, estates and other institutions and individuals since 1970. As of December 31, 2012, Sterling Capital had approximately \$38 billion in assets under management.

BB&T is a financial holding company that is a North Carolina corporation and is headquartered in Winston-Salem, North Carolina. Through its subsidiaries, BB&T operates more than 1,800 financial centers in the Carolinas, Virginia, West Virginia, Kentucky, Georgia, Tennessee, Maryland, Florida, Alabama, Indiana, Texas, Nevada and Washington, D.C. In addition to general commercial, mortgage and retail banking services, BB&T also provides trust, investment and retail and wholesale insurance services. BB&T has provided investment management services through its Trust and Investment Management Division since 1912.

Under its Investment Advisory Agreement with respect to the Equity Index Fund, Sterling Capital exercises general oversight over the investment performance of the Fund. Sterling Capital will advise the Board of Trustees if investment of all of the Fund’s assets in shares of the Master Portfolio is no longer an appropriate means of achieving the Fund’s investment objective. The Fund may withdraw its investment in the Master Portfolio at any time, if the Board of Trustees of the Fund determines that such action is in the best interests of the Fund and its shareholders. For periods in which all the Fund’s assets are not invested in the Master Portfolio, Sterling Capital may receive an investment advisory fee from the Fund. Sterling Capital has waived that fee through April 30, 2014. If Sterling Capital assumes active management of the Fund, after April 30, 2014, the investment advisory fee may be increased to 0.50% of average net assets under Sterling Capital’s investment advisory agreement with the Fund.

A discussion regarding the basis for the Board of Trustees of Sterling Capital Funds approving the Investment Advisory Agreement with Sterling Capital is available in the Fund’s annual report to shareholders for the period ended December 31, 2012.

**Adviser to the Master Portfolio.** BFA is located at 400 Howard Street, San Francisco, CA 94105. It is an indirect wholly-owned subsidiary of BlackRock, Inc. As of December 31, 2012, BFA and its affiliates provided investment advisory services for assets in excess of \$3.79 trillion. BFA is entitled to receive monthly fees at the annual rate of 0.05% of the average daily net assets of the Master Portfolio as compensation for its advisory services.

### Portfolio Managers

BFA uses a team (the “Portfolio Management Team”) to manage the Master Portfolio to reflect, to the extent feasible, the investment characteristics of its benchmark index, and BFA employs a combination of proprietary investment management systems and procedures to validate the consistent application of its investment methods. This team approach to portfolio management brings together many disciplines and leverages BFA’s extensive resources. The three members of the Portfolio Management Team for the Master Portfolio that have the most significant responsibility for the day-to-day management are listed below. The team members listed below act collaboratively with the other members on all aspects concerning the Master Portfolio. Each member of the Portfolio Management Team, including the three below-listed members, is responsible for various functions related to portfolio management, including, but not limited to, investing cash inflows, coordinating with members of his team to focus on certain asset classes, implementing investment strategies, researching and reviewing investment strategies, and overseeing members of his Portfolio Management Team with more limited responsibilities, but each member of each Portfolio Management Team has appropriate limitations on his or her authority for risk management and compliance purposes.

The three members of the Portfolio Management Team for the Master Portfolio that have the most significant day-to-day management responsibility are: Edward Corallo, Christopher Bliss, and Greg Savage.

Edward Corallo is employed as the head of portfolio management in the Index Equity Group at BFA since 2009. Previously, Mr. Corallo was the head of portfolio management in the Index Equity Group at BGI and BGFA from 2007 to 2009. Prior to that time, he was a senior portfolio manager for BGFA and BGI from 2001 to 2007. Mr. Corallo has been one of the portfolio managers primarily responsible for the day-to-day management of the Master Portfolio since May 2009.



Christopher Bliss, CFA, CPA is employed as a senior portfolio manager at BFA since 2009. Mr. Bliss previously was a senior portfolio manager for BGI 2005 to 2009 and a portfolio manager for BGI from 2004 to 2005. Mr. Bliss has been one of the portfolio managers primarily responsible for the day-to-day management of the Master Portfolio since May 2009.

Greg Savage, CFA is employed as a senior portfolio manager at BFA since 2009. Mr. Savage was previously a senior portfolio manager for BGFA and BGI from 2006 to 2009 and a portfolio manager for BGFA and BGI from 2001 to 2006. Mr. Savage has been one of the portfolio managers primarily responsible for the day-to-day management of the Master Portfolio since January 2008.

The Fund's SAI provides additional information about the compensation of the above-listed members of the Portfolio Management Team, other accounts they manage and their ownership of shares of the Master Portfolio.

### **The Administrator and Underwriter**

Sterling Capital Management LLC (the "Administrator"), 434 Fayetteville Street, 5<sup>th</sup> Floor, Raleigh, NC 27601, serves as the Fund's administrator. The administrative services of the Administrator include providing office space, equipment and clerical personnel to the Fund and supervising custodial, auditing, valuation, bookkeeping, legal and dividend disbursing services. BNY Mellon Investment Servicing (US) Inc. ("BNY Mellon Investment Servicing"), 301 Bellevue Parkway, Wilmington, DE 19809, serves as the Fund's sub-administrator.

Sterling Capital Distributors, LLC (the "Distributor"), 899 Cassatt Rd., 400 Berwyn Park, Suite 110, Berwyn, PA 19312, serves as the principal underwriter of the Fund's shares. The Distributor may enter into arrangements with banks, broker-dealers and other financial intermediaries through which investors may purchase or redeem shares. The Distributor is not affiliated with the Administrator or the Adviser or their affiliates.

The SAI has more detailed information about the Adviser and other service providers.



### Choosing a Share Class

Sterling Capital Funds offer different classes of Fund shares, which have different expenses and other characteristics. Only one class of Fund shares, Institutional Shares, is offered in this prospectus. To choose the class that is best suited to your needs and goals, consider the amount of money you want to invest, how long you expect to invest it and whether you plan to make additional investments. The following are some of the main characteristics of the Institutional Shares:

#### Institutional Shares

- No sales charges.
- No distribution and shareholder service (12b-1) fees.
- Available only to Branch Banking and Trust Company and its affiliates and other financial service providers or intermediaries approved by the Fund for the investment of funds for which they act in a fiduciary, advisory, agency, custodial or similar capacity; to individuals or corporations investing \$1,000,000 or more; to employees of Sterling Capital; or to Trustees of the Sterling Capital Funds.

#### Investment Amounts

The minimum initial investment in Institutional Shares of the Fund offered by this Prospectus is \$1,000,000\*. An Institutional shareholder's minimum investment can be calculated by combining all accounts he/she maintains with Sterling Capital Funds. Trustees of the Fund are not subject to a minimum initial investment requirement.

\* Investors and employees of Sterling Capital purchasing shares through Branch Banking and Trust Company, its affiliates or other financial service providers or intermediaries approved by the Fund are not subject to a minimum initial investment requirement.

If your account falls below \$1,000,000, the Fund may ask you to increase your balance. If it is still below \$1,000,000 after 60 days, the Fund may close your account and send you the proceeds at the current net asset value ("NAV").

*For actual past expenses of the Institutional Shares, see the Fund Summary earlier in this Prospectus.*

*The Fund also offers Class A and Class C Shares, each of which has its own expense structure. Class B Shares are closed to new purchases. Class A and Class C Shares are available to investors who are fiduciary clients of Branch Banking and Trust Company and who are not otherwise eligible for Institutional Shares. Call the Fund for more information (see back cover of this Prospectus).*

*Generally, expenses applicable to the Fund are allocated to each share class of the Fund on the basis of the relative net assets of each class. Expenses applicable to a particular share class, such as distribution and shareholder service (12b-1) fees, are borne solely by that share class.*

### Sterling Capital Deposit Account

A shareholder may deposit redemption proceeds from the Fund into the Sterling Capital Deposit Account ("SCDA") at Branch Banking and Trust Company ("BB&T Co."). The SCDA is not a mutual fund.

The SCDA is an interest-bearing account offered through an arrangement with BB&T Co. Each SCDA depositor is federally insured by the Federal Deposit Insurance Corporation (FDIC) subject to FDIC limits and conditions. An SCDA is only available to individuals, certain governmental units, trusts, and nonprofit organizations. Subject to applicable investment minimums you may open and maintain an SCDA and take advantage of check-writing (with a \$100 minimum per check) and easy online or telephonic transfers to and from your Sterling Capital Funds account. Check-writing privileges are not available for IRA accounts. The SCDA is subject to certain terms. Please call 1-800-228-1872 or visit [www.sterlingcapitalfunds.com](http://www.sterlingcapitalfunds.com) for more information. The rate of interest for the SCDA will vary.

In contrast to the SCDA, an investment in the Fund is not a bank deposit and is not insured by the FDIC.

### Pricing of Fund Shares

#### How NAV is Calculated

---

The per share net asset value (“NAV”) is calculated by adding the total value of the Fund’s investments and other assets, subtracting all of its liabilities and then dividing that figure by the number of outstanding shares of the Fund:

$$\text{NAV} = \frac{\text{Total Assets} - \text{Liabilities}}{\text{Number of Shares Outstanding}}$$

Generally, you can find the Fund’s NAV daily at [www.wsj.com/free](http://www.wsj.com/free). NAV is calculated separately for each class of shares.

NAV is calculated separately for each class of shares.

The per share NAV is determined and its shares are priced at the close of regular trading on the New York Stock Exchange (“NYSE”), normally at 4:00 p.m. Eastern time on days the NYSE is open. On any day that the bond or stock markets close early, such as days in advance of or following holidays or in the event of an emergency, the Fund reserves the right to advance the time NAV is determined and by which purchase, redemption, and exchange orders must be received on that day.

Your order for purchase, sale or exchange of shares is priced at the next NAV calculated after your order is received by the Fund. This is what is known as the offering price.

The Fund intends to invest all of its assets in the Master Portfolio, in which case the Fund’s net asset value is calculated based upon the net asset value of the Master Portfolio. The registration statement for the Master Portfolio explains the circumstances under which it will use fair value pricing and the effects of using fair value pricing. Although it does not presently intend to do so, to the extent that the Fund holds other securities, the Fund’s securities are generally valued at current market prices. If market quotations are not readily available, or if available market quotations are determined not to be reliable, or if a security’s value has been materially affected by events occurring after the close of trading on the exchange or market on which the security is traded, but before the Fund’s NAV is calculated, prices will be based on fair value as determined by Sterling Capital Funds’ Pricing Committee (the “Pricing Committee”) pursuant to procedures established by Sterling Capital Funds’ Board of Trustees. For further information regarding the methods used in valuing the Fund’s investments, please see “Additional Information About the Fund – Fair Value Pricing Policies” on page 26.

---



## Shareholder Information

### Purchasing and Adding to Your Shares

You may purchase Institutional Shares of the Fund through procedures established by the Fund in connection with the requirements of fiduciary, advisory, agency, custodial and other similar accounts maintained by or on behalf of customers of Branch Banking and Trust Company or one of its affiliates or other financial service providers or intermediaries approved by the Fund.

These parties are responsible for transmitting orders by close of business. Consult your investment representative or institution for specific information. Institutional Shares also may be purchased online at [www.sterlingcapitalfunds.com](http://www.sterlingcapitalfunds.com).

All purchases must be in U.S. dollars. A fee will be charged for any checks that do not clear. Third-party checks, money orders, credit card convenience checks, cash, traveler's checks, and checks drawn on foreign currencies are not accepted. The Fund or the transfer agent has the right to reject cashier's checks and official checks. In addition, bank starter checks are not accepted for initial purchase into the Fund.

The Fund or its agent may reject a purchase order if the Fund or its agent considers it in the best interests of the Fund and its shareholders.

Shares of the Fund have not been registered for sale outside the U.S. The Fund generally does not sell shares to investors residing outside of the U.S., even if they are U.S. citizens or lawful permanent residents, except to investors with U.S. military APO or FPO addresses.

---

### Automatic Investment Plan

You can make automatic investments in Institutional Shares of the Fund from your bank account, the Sterling Capital Deposit Account, through payroll deduction or from your federal employment, Social Security or other regular government checks. Automatic investments can be as little as \$25, once you've invested the minimum amount required to open the account.\*

To invest regularly from your bank account:

- Complete the Automatic Investment Plan portion on your account application or the supplemental sign-up form.
- Make sure you note:
  - Your bank name, address and account number
  - The amount you wish to invest automatically (minimum \$25)
  - How often you want to invest (every month, 4 times a year, twice a year or once a year)
- Attach a voided personal check.

Call 1-800-228-1872 for an enrollment form or consult the SAI for additional information.

\* Investors and employees of Sterling Capital purchasing shares through Branch Banking and Trust Company, its affiliates or other financial service providers or intermediaries approved by the Distributor are not subject to a minimum initial investment requirement.

---

### Anti-Money Laundering Program

The Fund's transfer agent is required by law to obtain certain personal information from you (or a person acting on your behalf) in order to verify your (or such person's) identity. If this information is not provided, the transfer agent may not be able to open your account. If the transfer agent is unable to verify your identity (or that of another person authorized to act on your behalf), or believes it has identified potentially criminal activity, the Fund and the transfer agent each reserve the right to refuse to open your account, to close your account or to take such other action as they deem reasonable or required by law.

---

### Dividends and Distributions

All dividends and distributions will be automatically reinvested unless you request otherwise. There are no sales charges for reinvested distributions. Income dividends for the Fund are declared and paid quarterly to the extent they exceed a de minimis amount set by the Board of Trustees.

### Purchasing and Adding to Your Shares continued

**Distributions are made on a per share basis regardless of how long you have owned your shares. A distribution will generally be taxable to you if you hold shares in a taxable account even if the distribution is paid from income or gains earned by the Fund before your investment (and thus was included in the price you paid). See “Dividends, Distributions and Taxes” below.**

---

### Avoid Tax Withholding

The Fund is required to withhold a percentage of dividends, capital gains distributions and redemption proceeds paid to shareholders who have not provided the Fund with their certified Taxpayer Identification Number or have otherwise failed to comply with IRS rules. Shareholders are urged to read the additional information concerning withholding provided in the SAI and provide a correct Taxpayer Identification Number (Social Security Number for most investors) on the account application.

---

### Selling Your Shares

You may sell your shares at any time. Your sales price will be the next NAV after your sell order is received in good order by the Fund, its transfer agent, or your investment representative. For more information, see section “General Policies on Selling Shares” on page 20.

#### Withdrawing Money from Your Fund Investment

As a mutual fund shareholder, you are technically selling shares when you request a withdrawal in cash. This is also known as redeeming shares or a redemption of shares.

### Instructions for Selling Shares

If selling your shares through a financial institution or your financial adviser or broker, you should inquire about redemption procedures. Your adviser and/or broker may have transaction minimums and/or transaction times which will affect your redemption. Normally you will receive your proceeds within a week after your request is received. For all other sales transactions, follow the instructions below. For additional policies on selling shares, including redemptions in writing requirements see page 20.

#### By Telephone (unless you have declined telephone sales privileges)

1. Call 1-800-228-1872 with instructions as to how you wish to receive your funds (mail, wire, electronic transfer). (See “General Policies on Selling Shares – Verifying Telephone and Online Redemptions” on page 20).

#### By Mail

1. Call 1-800-228-1872 to request redemption forms or write a letter of instruction indicating:
  - your Fund and account number
  - amount you wish to redeem
  - address where your check should be sent
  - account owner signature
2. Mail to: Sterling Capital Funds, P.O. Box 9762, Providence, RI 02940-9762 or for overnight delivery mail to 4400 Computer Drive, Westborough, MA 01581-1722.

#### For the expedited delivery of your redemption proceeds we offer multiple options.

##### 1. By Overnight Service

The Fund will charge a \$10 fee for this service.

##### 2. By Wire Transfer

You must indicate this option on your application or provide a Medallion signature guarantee letter of instruction to add wire instructions after your account has been established.

*The Fund will charge a \$7 wire transfer fee for each wire transfer request. Note: Your financial institution may also charge a separate fee.*

If you call by 4 p.m. Eastern time, your payment will normally be wired to your bank on the next business day.

##### 3. Electronic Redemptions

Your bank must participate in the Automated Clearing House (“ACH”) and must be a U.S. bank. You may establish the transfer of electronic redemptions to your Sterling Capital Deposit Account. *Note: Your financial institution may also charge a separate fee.*

If you call by 4 p.m. Eastern time, your payment will normally be transferred to your bank within 3 business days.

#### Online

1. Using an internet browser, go to [www.sterlingcapitalfunds.com](http://www.sterlingcapitalfunds.com) and sign in to your account.
2. Select the account and fund you wish to sell.
3. Enter the number of shares you wish to redeem. You may have your redemption proceeds mailed to the address of record or sent to your bank account via electronic transfer (ACH). Electronic transfers are only allowed if the banking privilege was previously set up on your account. (See “General Policies on Selling Shares – Verifying Telephone and Online Redemptions” on page 20).

### **Selling Your Shares** continued

#### **Auto Withdrawal Plan**

You can receive automatic payments from your Institutional Shares account on a monthly, quarterly, semi-annual or annual basis. You may receive automatic payments from your Sterling Capital Fund account into your Sterling Capital Deposit Account. The minimum withdrawal is \$25. To activate this feature:

- Complete the supplemental sign-up form which you may obtain by calling 1-800-228-1872.
- Include a voided personal check.
- Your account must have a value of \$5,000 or more to start withdrawals.
- If the value of your account falls below \$1,000, you may be asked to add sufficient funds to bring the account back to \$1,000, or the Fund may close your account and mail the proceeds to you.

### General Policies on Selling Shares

#### Redemptions in Writing Requirements

You must request redemption in writing and obtain a Medallion signature guarantee if:

- Your account registration or the name(s) on your account has changed within the last 10 business days; or
- The check is not being mailed to the address on your account; or
- The check is not being made payable to the owner(s) of the account; or
- Your account address has changed within the last ten business days; or
- The redemption proceeds are being transferred to another Fund account with different registration; or
- The redemption proceeds are being wired to bank instructions currently not on your account.

A Medallion signature guarantee can be obtained from a financial institution, such as a bank, broker-dealer, or credit union, or from members of the STAMP (Securities Transfer Agents Medallion Program), MSP (New York Stock Exchange Medallion Signature Program) or SEMP (Stock Exchanges Medallion Program). Members are subject to dollar limitations which must be considered when requesting their Medallion signature guarantee. The transfer agent may reject any Medallion signature guarantee if it believes the transaction would otherwise be improper.

#### Verifying Telephone and Online Redemptions

The Fund makes every effort to ensure that telephone and online redemptions are made only by authorized shareholders. All telephone calls are recorded for your protection and you will be asked for information to verify your identity. Similarly, the online purchasing and redemption system uses a password and symbol authentication system to verify your identity and to attempt to prevent unauthorized use. Given these precautions, unless you have specifically indicated on your application that you do not want the telephone or online redemption features, you may be responsible for any fraudulent telephone or online orders. If appropriate precautions have not been taken, the transfer agent may be liable for losses due to unauthorized transactions. Telephone and online transaction privileges, including purchases, redemptions and exchanges by telephonic instructions or facsimile instructions, may be revoked at the discretion of the Fund without advance notice to shareholders. In such cases, and at times of peak activity when it may be difficult to place requests by phone or online, transaction requests may be made by regular mail.

#### Redemptions Within 15 Business Days of Investment

When you have made an investment by check or ACH, the proceeds of your redemption may be held up to 15 business days until the transfer agent is satisfied that the funds have cleared. You can still avoid this delay by purchasing shares with a certified check or federal funds wire.

#### Postponement of Redemption Request

Payment for shares may be delayed under extraordinary circumstances as permitted by the SEC in order to protect remaining shareholders. If you experience difficulty making a telephone redemption during periods of drastic economic or market change, you can send the Fund your redemption request by standard or express mail.

#### Redemption in Kind

The Fund reserves the right to make payment in securities rather than cash, known as “redemption in kind.” This could occur under extraordinary circumstances, such as a very large redemption that could affect Fund operations (for example, more than 1% of the Fund’s net assets). If the Fund deems it advisable for the benefit of all shareholders, redemption in kind will consist of securities equal in market value to your shares. When you convert these securities to cash, you will pay brokerage charges.

#### Closing of Small Accounts

If your account holding Institutional Shares falls below \$1,000,000, the Fund may ask you to increase your balance. If your account is still below \$1,000,000 after 60 days, the Fund may close your account and send you the proceeds at the current NAV.

### General Policies on Selling Shares continued

#### Undeliverable Distribution Checks

For any shareholder who chooses to receive distributions in cash:

If distribution checks (1) are returned and marked as “undeliverable” or (2) remain uncashed for six months, your account will be changed automatically so that all future distributions are reinvested in your account. Checks that remain uncashed for six months will be canceled and the money will be reinvested in the Fund at the current NAV.

### Distribution Arrangements/Sales Charges

#### Distribution and Shareholder Servicing Arrangements — Revenue Sharing

The Adviser and/or its affiliates may pay out of their own assets compensation to financial intermediaries and other persons for the sale and distribution of the shares and/or for the servicing of the shares. These additional cash incentives, sometimes referred to as “revenue sharing arrangements” are payments over and above any sales charges (including Rule 12b-1 fees) and service fees paid by the Fund, which are disclosed elsewhere in this Prospectus. These additional cash payments made by the Adviser may be made to supplement commissions reallocated to dealers, and may take the form of (1) due diligence payments for a financial intermediary’s examination of the Fund and payments for employee training and education relating to the Fund; (2) listing fees for the placement of the Fund on a financial intermediary’s list of mutual funds available for purchase by its clients; (3) fees for providing assistance in promoting the sale of shares; (4) payments in connection with attendance at sales meetings for the promotion of the sale of shares; and (5) payments for the sale of shares and/or the maintenance of share balances. These payments, which may be different for different financial institutions, will not change the price an investor will pay for shares or the amount that the Fund will receive for the sale of shares.

#### Networking and Sub-Transfer Agency Fees

The Fund may also directly enter into agreements with financial intermediaries pursuant to which the Fund will pay the financial intermediary for services such as networking or sub-transfer agency. Payments made pursuant to such agreements are generally based on either (1) a percentage of the average daily net assets of clients serviced by such financial intermediary up to a set maximum dollar amount per shareholder account serviced, or (2) the number of accounts serviced by such financial intermediary. Payments made pursuant to such agreements may include fees in addition to, rather than in lieu of, Rule 12b-1 fees the financial intermediary may also be receiving pursuant to agreements with the Distributor.

### Exchanging Your Shares

You generally can exchange your shares in the Fund for shares of the same class of another Sterling Capital Fund, usually without paying additional sales charges (see “Notes on Exchanges” below). You must meet the minimum investment requirements for the Sterling Capital Fund into which you are exchanging. Exchanges from one Sterling Capital Fund to another are taxable. You may deposit redemption proceeds into the Sterling Capital Deposit Account. Institutional Shares may also be exchanged for Class A Shares of the same Fund if you cease to be eligible to purchase Institutional Shares. Institutional Shares of each Fund may not be exchanged for Class B or Class C Shares. No transaction fees are currently charged for exchanges. Furthermore, the exchange of Institutional Shares for Class A Shares will require payment of the sales charge unless the sales charge is waived. Please consult the Class A, Class B and Class C prospectus for more information.

### Instructions for Exchanging Shares

Exchanges may be made by sending a written request to Sterling Capital Funds, P.O. Box 9762, Providence, RI 02940-9762, or by calling 1-800-228-1872. Please provide the following information:

- Your name and telephone number,
- The exact name on your account and account number,
- Taxpayer identification number (usually your Social Security number),
- Dollar value or number of shares to be exchanged,
- The name of the Fund from which the exchange is to be made, and
- The name of the Fund into which the exchange is being made.

See “Selling Your Shares” on page 18 for important information about telephone and online transactions.

### Notes on Exchanges

- When exchanging from a Sterling Capital Fund that has no sales charge or a lower sales charge to a Sterling Capital Fund with a higher sales charge, you will pay the difference.
- The registration and tax identification numbers of the two accounts must be identical.
- The exchange privilege (including systematic exchanges) may be changed or eliminated at any time upon 60 days’ notice to shareholders.
- Be sure to read carefully the Prospectus of any Sterling Capital Fund into which you wish to exchange shares.



### Cost Basis Reporting

Upon the redemption or exchange of your Fund shares, the Fund or, if you purchase your shares through a financial intermediary, your financial intermediary generally will be required to provide you and the IRS with cost basis and certain other related tax information about the Fund shares you redeemed or exchanged. This cost basis reporting requirement is effective for shares purchased, including through distribution reinvestments, on or after January 1, 2012. Such reporting is not required for shares held in a non-taxable (retirement or other tax-exempt) account. Cost basis is typically the price you pay for your shares (including reinvested distributions), with adjustments for certain commissions, wash-sales, organizational actions, and other items, including any returns of capital paid to you by the Fund in respect of your shares. Cost basis is used to determine your net gains and losses on any shares you redeem or exchange in a taxable account.

The Fund or your financial intermediary, as applicable, will permit you to select from a list of alternative cost basis reporting methods to determine your cost basis in Fund shares acquired on or after January 1, 2012. If you do not select a particular cost basis reporting method, the Fund or financial intermediary will apply its default cost basis reporting method to your shares. If you hold your shares directly in a Fund account, the Fund's default method (or the method you have selected by notifying the Fund) will apply; if you hold your shares in an account with a financial intermediary, the intermediary's default method (or the method you have selected by notifying the intermediary) will apply. Please visit the Fund Web site [www.sterlingcapitalfunds.com](http://www.sterlingcapitalfunds.com) or consult your financial intermediary, as appropriate, for more information regarding the available methods for cost basis reporting and how to select a particular method. You should consult your tax advisor concerning the application of these rules to your investment in the Fund, and to determine which available cost basis method is best for you. Please note that you are responsible for calculating and reporting your cost basis on Fund shares acquired prior to January 1, 2012.

### Market Timing Policies

Excessive short-term trading or other abusive trading practices may disrupt portfolio management strategies and hurt Fund performance. Such practices may dilute the value of Fund shares, interfere with the efficient management of a Fund's investments, and increase brokerage and administrative costs. To prevent disruption in the management of the Fund due to market timing strategies, we have adopted certain policies and procedures. We reserve the right to close any account or limit exchange activity for any account in which we have identified a pattern of excessive or abusive trading. We cannot guarantee that we will detect every market timer due to the limitations inherent in our technological systems; as a result, some shareholders may be able to market time while others bear the effect of market timing activity. For example, certain accounts, which are known as omnibus accounts, include multiple investors and such accounts typically provide the Fund with a net purchase or redemption order on any given day where purchasers of Fund shares and redeemers of Fund shares are netted against one another and the identity of individual purchasers and redeemers are not known by the Fund. While the Fund seeks to monitor for market timing activities in the omnibus accounts and may restrict purchases or exchanges of Fund shares held in such omnibus accounts pursuant to Rule 22c-2 shareholder information agreements between the Fund and the financial intermediaries holding such omnibus accounts, the netting effect limits the Fund's ability to locate and eliminate individual market timers. In addition to the Fund's frequent trading policies, the Fund may permit financial intermediaries to utilize their own policies and procedures to identify market timers holding Fund shares through omnibus accounts. These policies and procedures may be different than those utilized by the Fund.

We will apply our policies and procedures consistently to all Fund shareholders, except with respect to trades that occur through omnibus accounts at financial intermediaries as described above. We reserve the right to modify our policies and procedures at any time without prior notice as we deem in our sole discretion to be in the best interests of Fund shareholders, or to comply with state or federal legal requirements.

### Dividends, Distributions and Taxes

*Please consult your tax adviser regarding federal, state, local, foreign or other taxes applicable to you, in light of your particular circumstances.* Below we have summarized some important federal tax issues that affect the Fund and its shareholders. Your investment in the Fund may have other tax implications. This summary is based on current tax laws, which may change.

The Fund has elected and intends to be treated and to qualify each year as a regulated investment company for U.S. federal income tax purposes. A regulated investment company is not subject to tax at the corporate level on income and gains from investments that are distributed in a timely manner to shareholders. The Fund's failure to qualify as a regulated investment company would result in corporate level taxation, and consequently, a reduction in income available for distribution to shareholders.

**Distributions.** For U.S. federal income tax purposes, Fund distributions will generally be taxable to you as either ordinary income or capital gains. Because the Fund invests all of its assets in the Master Portfolio which is treated as a partnership for U.S. federal income tax purposes, the Fund's distributable income and gains will normally consist of income and gains realized by the Master Portfolio and allocated to (or otherwise taken into account by) the Fund. Fund distributions derived from investment income realized by the Master Portfolio are taxable as ordinary income. Taxes on distributions of capital gains are determined by how long the Master Portfolio owned the investments that generated them, rather than how long you have owned your Fund shares. Tax rules can alter the Master Portfolio's holding period in its investments and thereby affect the tax treatment of gain or loss on such investments. Distributions of net capital gain (that is, the excess of net long-term capital gains from the sale of investments owned by the Master Portfolio for more than one year over net short-term capital losses, in each case with reference to capital loss carryforwards) that is allocable to the Fund will be taxable as long-term capital gains includible in your net capital gain and taxed to individuals at reduced rates, if those distributions are properly reported by the Fund as capital gain dividends. Distributions of gains allocable to the Fund from the sale of investments that the Master Portfolio owned for one year or less will generally be taxable to you as ordinary income.

Distributions of investment income properly reported by the Fund as derived from "qualified dividend income" are taxed to individuals at the reduced rates applicable to net capital gain, provided holding period and other requirements were met at both the shareholder and Fund levels.

Effective for taxable years beginning on or after January 1, 2013, a 3.8% Medicare contribution tax is imposed on the "net investment income" of individuals, estates and trusts whose income exceeds certain threshold amounts. Net investment income generally includes for this purpose dividends, including any capital gain dividends paid by the Fund, and net capital gains recognized on the sale, redemption or exchange of shares of the Fund.

Distributions are taxable whether you receive them in cash or reinvest them in additional shares. Distributions are also taxable to you even if they are paid from income or gains earned by the Fund before your investment (and thus were included in the price you paid for your shares). Distributions of investment income and capital gains may be subject to state and local taxes as well.

Sterling Capital Funds will send you a statement each year showing the tax status of all your distributions. Distributions may vary considerably from year to year.

**Special Considerations for Non-U.S. Shareholders.** In general, dividends other than capital gain dividends paid to a shareholder that is not a "United States person" within the meaning of the Internal Revenue Code of 1986, as amended, are subject to withholding of U.S. federal income tax at a rate of 30% (or lower applicable treaty rate). However, effective for distributions with respect to taxable years of the Fund beginning before January 1, 2014, the Fund is not required to withhold any amounts with respect to distributions of (i) U.S.-source interest income that in general would not be subject to federal income tax if earned directly by an individual foreign person, and (ii) net short-term capital gains in excess of net long-term capital losses, in each case to the extent such distributions are properly reported as such by the Fund. It is currently unclear whether Congress will extend these exemptions for taxable years beginning on or after January 1, 2014, or what the terms of such an extension would be. The Fund is permitted to opt not to separately report the portion of its distributions that would be eligible for those withholding tax exemptions.

Non-U.S. investors also may be subject to U.S. estate tax.

**Sales, Exchanges and Redemptions of Shares.** A sale, exchange or redemption of your Fund shares is a taxable event. Any gain resulting from a sale, exchange or redemption of your Fund shares will generally be subject to federal income tax as capital gains. Any loss from the sale, exchange or redemption of your Fund shares will generally be treated as a capital loss.

**Backup Withholding.** The Fund generally is required to withhold and to remit to the U.S. Treasury under the backup withholding rules a percentage of the proceeds of share sales, exchanges, or redemptions made by, and dividends and other distributions paid to, any individual shareholder who (i) fails to properly furnish the Fund with correct taxpayer identification number (TIN), (ii) who has under-reported dividend or interest income, or (iii) who fails to certify to the Fund that he or she is subject to such withholding. The backup withholding tax rate is currently 28%. Backup withholding is not an additional tax. Any amounts withheld may be credited against the shareholder's federal income tax liability, provided the appropriate information is furnished to the IRS.

**General.** Generally, the Portfolio Managers of the Master Portfolio do not consider taxes when deciding to buy or sell securities.

## Shareholder Information

The tax information in this Prospectus is provided as general information and will not apply to you if you are investing through a tax-deferred account such as an IRA or a qualified employee benefit plan. Shareholders are urged to consult with their tax advisers to determine the tax considerations that are relevant in light of their own particular circumstances, including possible state, local, and foreign taxes.

**More information about taxes is in the Fund's SAI.**

### Additional Information About the Fund

#### Fair Value Pricing Policies

The Fund will fair value price its securities when market quotations are not readily available or if available market quotations are determined not to be reliable. Generally, this would include securities for which trading has been halted, securities whose value has been materially affected by the occurrence of a significant event (as defined below), securities whose price has become stale (*i.e.*, the market price has remained unchanged for five business days), and other securities where a market price is not available from either a national pricing service or a broker. In these situations, the Pricing Committee will employ certain Board-approved methodologies to determine a fair value for the securities. Fair valuations will be reviewed by the Board of Trustees on a quarterly basis. Fair value pricing may result in a different determination of a Fund's NAV price than other valuation methods.

A "significant event" is one that occurred prior to the Fund's valuation time, is not reflected in the most recent market price of a security, and materially affects the value of a security. Generally, such "significant events" relate to developments in foreign securities that occur after the close of trading in their respective markets. The Fund's accounting agent may obtain fair value prices of foreign securities through utilization of a Fair Value Pricing Service previously approved by the Board where a movement in the U.S. equities market is sufficiently large to constitute a trigger established by the Pricing Committee. For information regarding the Master Portfolio's fair value pricing policies, see the Fund's SAI.

#### Disclosure of Portfolio Holdings

Information regarding both the Fund and the Master Portfolio's policies and procedures regarding the disclosure of portfolio holdings is contained in the Fund's SAI.

#### Householding

In order to reduce shareholder expenses, we may, unless you instruct otherwise, mail only one copy of a Fund's prospectus and each annual and semi-annual report to those addresses shared by two or more accounts. This process is commonly known as "householding." If you do not wish to receive individual copies of these documents, please call 1-800-228-1872, or if your shares are held through a financial institution, please contact them directly. We will begin sending your individual copies to you within 30 days of our receipt of your request to discontinue householding.



## Other Information About the Fund

### Financial Highlights

The financial highlights table is intended to help you understand the Fund's financial performance for the past 5 years. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). This information has been audited by KPMG LLP, the Fund's independent registered public accounting firm. The Fund's audited financial statements, including the notes thereto, and the related report of the independent registered public accounting firm in the Fund's Annual report for the fiscal year ended December 31, 2012 are incorporated by reference into the Fund's SAI, which is available upon request.

**Financial Highlights**  
continued

	For the Year Ended December 31, 2012	For the Year Ended December 31, 2011	For the Year Ended December 31, 2010	For the Year Ended December 31, 2009	For the Year Ended December 31, 2008
<b>INSTITUTIONAL CLASS SHARES</b>					
<b>Net Asset Value, Beginning of Year</b> .....	\$ 8.42	\$ 8.43	\$ 7.48	\$ 6.02	\$ 9.81
<b>Investment Activities:</b>					
Net investment income <sup>(a)(b)</sup> .....	0.14	0.11	0.11	0.10	0.17
Net realized and unrealized gain (loss) from investments <sup>(b)</sup> .....	1.12	(0.01) <sup>(c)</sup>	0.96	1.47	(3.79)
Total from Investment Activities .....	1.26	0.10	1.07	1.57	(3.62)
<b>Distributions:</b>					
Net investment income .....	(0.13)	(0.11)	(0.12)	(0.10)	(0.17)
Return of capital .....	—	(0.00) <sup>(d)</sup>	—	(0.01)	(0.00) <sup>(d)</sup>
Total Distributions .....	(0.13)	(0.11)	(0.12)	(0.11)	(0.17)
<b>Net Asset Value — End of Year</b> .....	\$ 9.55	\$ 8.42	\$ 8.43	\$ 7.48	\$ 6.02
<b>Total Return (excludes sales charge)</b> .....	15.01%	1.21%	14.41%	26.36%	(37.24)%
<b>Ratios/Supplementary Data:</b>					
Net Assets, End of Year (000's) .....	\$4,917	\$4,321	\$5,189	\$3,343	\$47,259
Ratio of net expenses to average net assets <sup>(b)</sup> .....	0.87%	0.85%	0.68%	0.72%	0.30%
Ratio of net investment income to average net assets <sup>(b)</sup> .....	1.47%	1.27%	1.46%	1.66%	2.08%
Ratio of expenses to average net assets <sup>*(b)</sup> .....	0.87%	0.86%	0.69%	0.72%	0.30%
Portfolio turnover rate <sup>(e)</sup> .....	10%	5%	9%	5%	8%

\* During the periods certain fees were contractually waived. If such reductions had not occurred, the ratios would have been as indicated.

(a) Per share net investment income has been calculated using the average daily shares method.

(b) The per share amounts and percentages reflect income and expenses assuming inclusion of the Fund's proportionate share of the income and expenses of the S&P 500 Stock Master Portfolio.

(c) The amount shown for a share outstanding throughout the period does not accord with the change in aggregate gains and losses in the portfolio of securities during the period because of the timing of sales and purchases of Fund shares in relation to fluctuating market values during the period.

(d) Less than (0.01) per share.

(e) This rate represents the portfolio turnover rate of the S&P 500 Stock Master Portfolio.

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]





For more information about the Fund, the following documents are available free, upon request:

### **Annual/Semi-Annual Reports (Reports):**

The Fund's annual and semi-annual reports to shareholders contain additional information on the Fund's investments. In the annual report, you will find a discussion of the market conditions and investment strategies that significantly affected the Fund's performance during its last fiscal year.

### **Statement of Additional Information (SAI):**

The SAI provides more detailed information about the Fund, including its operations and investment policies. It is incorporated by reference and is legally considered a part of this Prospectus.

You can get free copies of annual and semi-annual reports and the SAI, Prospectuses of other members of the Sterling Capital Funds Family, or request other information and discuss your questions about the Fund by contacting a broker or bank that sells the Fund or contact the Fund at:

Sterling Capital Funds  
P.O. Box 9762  
Providence, RI 02940-9762  
Telephone: 1-800-228-1872  
Internet: <http://www.sterlingcapitalfunds.com>\*

\* The Fund's Web site is not part of this Prospectus.

You can review the Fund's annual and semi-annual reports and SAIs at the Public Reference Room of the SEC (for information call 1-202-551-8090). You can get text-only copies:

- For a fee, by writing the Public Reference Section of the SEC, Washington, D.C. 20549-1520, or by electronic request: [publicinfo@sec.gov](mailto:publicinfo@sec.gov).
- Free from the SEC's Web site at <http://www.sec.gov>.

Investment Company Act file no. 811-06719.