



STERLING CAPITAL PARTNERS II, LP

Tax Information Package

2023

The following is a summary of tax forms included in this package and responses to tax issues pertaining to your investment in this fund.

Required Tax Forms for all partners:

- U.S. Schedule K-1 - Partner's Share of Income, Deductions, Credits, etc. including footnotes
- U.S. Schedule K-3 - Partner's Share of Income, Deductions, Credits, etc. - International (included in the event there is a partnership filing requirement)

Required Additional Tax Forms for Non-U.S. Limited Partners only:

- Form 1042-S - Foreign Person's U.S. Source Income Subject to Withholding

Additional reporting information is found in the K-1 footnotes. The General Partner highly recommends that you consult with your own tax advisor to determine your reporting positions. If you or your tax advisors should have any tax questions or require additional tax information in order to complete your tax returns, please do not hesitate to contact me directly at liglesias@sterlingpartners.com.

Kind Regards,

Lauren Iglesias, CPA
Controller



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Schedule K-1
(Form 1065)

2023

651123

Department of the Treasury
Internal Revenue Service

For calendar year 2023, or tax year

Final K-1

Amended K-1

OMB No. 1545-0123

beginning ending

**Partner's Share of Income, Deductions,
Credits, etc.**
See separate instructions.

Part I Information About the Partnership	
A Partnership's employer identification number 26-0103776	
B Partnership's name, address, city, state, and ZIP code STERLING CAPITAL PARTNERS II, LP 100 INTERNATIONAL DRIVE, 23RD FLOOR OFFICE 2301 BALTIMORE, MD 21202	
C IRS center where partnership filed return: ELECTRONIC FILING	
D <input type="checkbox"/> Check if this is a publicly traded partnership (PTP)	
Part II Information About the Partner	
E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.) 00-0000000 00122	
F Name, address, city, state, and ZIP code for partner entered in E. See instructions. QS PEP LEGACY FUND SLP 3, BOULEVARD ROYAL LUXEMBOURG, LU L-2449	
G <input type="checkbox"/> General partner or LLC member-manager <input checked="" type="checkbox"/> Limited partner or other LLC member	
H1 <input type="checkbox"/> Domestic partner <input checked="" type="checkbox"/> Foreign partner	
H2 If the partner is a disregarded entity (DE), enter the partner's: TIN _____ Name _____	
I1 What type of entity is this partner? CORPORATION	
I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here. <input type="checkbox"/>	
J Partner's share of profit, loss, and capital (see instructions):	
Beginning	Ending
Profit	0.995752 %
Loss	0.995752 %
Capital	0.995752 %
Check if decrease is due to:	
<input type="checkbox"/> Sale or <input type="checkbox"/> Exchange of partnership interest. See instructions.	
K1 Partner's share of liabilities:	
Beginning	Ending
Nonrecourse \$	\$
Qualified nonrecourse financing. \$	\$
Recourse. \$	\$
K2 Check this box if item K1 includes liability amounts from lower-tier partnerships <input type="checkbox"/>	
K3 Check if any of the above liability is subject to guarantees or other payment obligations by the partner. See instructions	
L Partner's Capital Account Analysis	
Beginning capital account \$	938,893
Capital contributed during the year . . \$	
Current year net income (loss) \$	37
Other increase (decrease) (attach explanation) \$	
Withdrawals and distributions \$ ()	
Ending capital account \$	938,930
M Did the partner contribute property with a built-in gain (loss)?	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," attach statement. See instructions.	
N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)	
Beginning \$	
Ending \$	

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	14	Self-employment earnings (loss)
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	15	Credits
4a	Guaranteed payments for services		
4b	Guaranteed payments for capital	16	Schedule K-3 is attached if checked <input checked="" type="checkbox"/>
4c	Total guaranteed payments	17	Alternative minimum tax (AMT) items
5	Interest income		
	986		
6a	Ordinary dividends		
6b	Qualified dividends	18	Tax-exempt income and nondeductible expenses
6c	Dividend equivalents		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	19	Distributions
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain	20	Other information
10	Net section 1231 gain (loss)	A	986
11	Other income (loss)	B	949
		AG	986
12	Section 179 deduction	21	Foreign taxes paid or accrued
13	Other deductions		
AE	949		
22	More than one activity for at-risk purposes*		
23	More than one activity for passive activity purposes*		
*See attached statement for additional information.			
For IRS Use Only			

ITEM L - RECONCILIATION OF CURRENT YEAR NET INCOME (LOSS)

INCOME (LOSS) FROM SCH. K-1, LINES 1-11	986
DEDUCTIONS FROM SCH. K-1, LINES 12, 13, AND 21	(949)
TAXABLE INCOME (LOSS) PER SCHEDULE K-1	37
ADJUSTMENTS (IF ANY)	
CURRENT YEAR NET INCOME (LOSS) PER SCHEDULE K-1, ITEM L	37

ITEM L - PARTNER'S CAPITAL ACCOUNT ANALYSIS

YOUR SCHEDULE K-1 IS REPORTED ON THE TAX BASIS METHOD. YOUR CAPITAL ACCOUNT MAY NOT EQUAL YOUR ADJUSTED TAX BASIS IN YOUR PARTNERSHIP INTEREST. PLEASE CONSULT YOUR TAX ADVISOR.

LINE 5: INTEREST INCOME

BANK DEPOSIT INTEREST - US	986
TOTAL INTEREST INCOME	986

LINE 13AE: DEDUCTIONS - PORTFOLIO INCOME

PORTFOLIO DEDUCTIONS	949
TOTAL DEDUCTIONS - PORTFOLIO INCOME	949

LINE 13AE - PORTFOLIO DEDUCTIONS FROM INVESTMENT ACTIVITIES

THE PORTFOLIO DEDUCTIONS FROM INVESTING ACTIVITIES, IF ANY, ARE NON-DEDUCTIBLE FOR CERTAIN TAXPAYERS, INCLUDING INDIVIDUALS, AND WOULD REDUCE YOUR TAX BASIS IN THE PARTNERSHIP. PLEASE CONSULT YOUR TAX ADVISOR.

LINE 20A - INVESTMENT INCOME

THE AMOUNT REPORTED ON LINE 20A INCLUDES INVESTMENT INCOME FROM LINES 5, 6A, 7 AND 11A, IF ANY, OF YOUR SCHEDULE K-1. BASED ON INDIVIDUAL FACTS AND CIRCUMSTANCES, AMOUNTS ON LINES 8, 9A AND OTHER LINE 11 ITEMS, IF ANY, MAY ALSO BE INCLUDED IN THE INVESTMENT INTEREST EXPENSE LIMITATION CALCULATION. PLEASE CONSULT YOUR TAX ADVISOR.

LINE 20B - INVESTMENT EXPENSE

THE AMOUNT REPORTED ON LINE 20B INCLUDES INVESTMENT EXPENSES FROM LINES 13I AND 13L OF YOUR SCHEDULE K-1, IF ANY. BASED ON SPECIFIC INDIVIDUAL FACTS AND CIRCUMSTANCES, CERTAIN OTHER AMOUNTS ON LINE 13AE MAY ALSO BE INCLUDED IN THE INVESTMENT INTEREST EXPENSE LIMITATION CALCULATION. PLEASE CONSULT YOUR TAX ADVISOR.

LINE 20V - UNRELATED BUSINESS TAXABLE INCOME

ABSENT YOUR OWN ACQUISITION INDEBTEDNESS WITH RESPECT TO YOUR INTEREST IN THE FUND, NONE OF YOUR SCHEDULE K-1 DISTRIBUTIVE SHARE ITEMS REPRESENT UNRELATED BUSINESS TAXABLE INCOME.

LINE 20Y - NET INVESTMENT INCOME

UNLESS OTHERWISE NOTED, THE DISTRIBUTIVE SHARE OF ALL ITEMS INCLUDED ON YOUR SCHEDULE K-1 ARE COMPONENTS OF NET INVESTMENT INCOME AS DEFINED IN TREAS. REG. 1.1411-4 AND MAY BE SUBJECT TO THE NET INVESTMENT INCOME TAX PURSUANT TO IRC SECTION 1411. PLEASE CONSULT YOUR TAX ADVISOR.

SECTION 163(J) INFORMATION

THE PARTNERSHIP IS AN INVESTMENT PARTNERSHIP NOT SUBJECT TO THE SECTION 163(J) LIMITATION ON BUSINESS INTEREST EXPENSE.

FOR CORPORATE PARTNERS: THE AMOUNTS REPORTED ON YOUR SCHEDULE K-1 ARE INVESTMENT INCOME AND EXPENSE. GENERALLY, YOUR SHARE OF INVESTMENT ITEMS ARE TREATED AS PROPERLY ALLOCABLE TO A TRADE OR BUSINESS.

THE SECTION 163(J) RULES ARE COMPLEX. PLEASE CONSULT YOUR TAX ADVISOR.

NOTICE OF ELECTION

THIS PARTNERSHIP HAS ELECTED TO BE TREATED AS AN ELECTING INVESTMENT PARTNERSHIP UNDER SECTION 743(E) OF THE INTERNAL REVENUE CODE.

INFORMATION FOR TRANSFERORS. IF YOU TRANSFER AN INTEREST IN THIS PARTNERSHIP TO ANOTHER PERSON, NOTICE 2005-32, I.R.B. 2005-16, APRIL 1, 2005, PROVIDES THAT YOU MUST, WITHIN 30 DAYS AFTER RECEIVING A SCHEDULE K-1 FROM THIS PARTNERSHIP FOR THE TAXABLE YEAR THAT INCLUDES THE DATE OF THE TRANSFER, PROVIDE THE TRANSFeree WITH CERTAIN INFORMATION, INCLUDING THE AMOUNT, IF ANY, OF LOSS THAT YOU RECOGNIZED ON THE TRANSFER OF THE PARTNERSHIP INTEREST, AND THE AMOUNT OF LOSS, IF ANY, RECOGNIZED BY PRIOR TRANSFERORS WITH RESPECT TO THE SAME INTEREST. SEE NOTICE 2005-32 FOR MORE INFORMATION.

INFORMATION FOR TRANSFerees. IF AN INTEREST IN THIS PARTNERSHIP IS TRANSFERRED TO YOU, SECTION 743(E) (2) REQUIRES THAT YOU REDUCE YOUR DISTRIBUTIVE SHARE OF LOSSES FROM THIS PARTNERSHIP, DETERMINED WITHOUT REGARD TO GAINS FROM THIS PARTNERSHIP, TO THE EXTENT OF ANY LOSSES RECOGNIZED BY THE TRANSFEROR PARTNER WHEN THAT PARTNER TRANSFERRED THE PARTNERSHIP INTEREST TO YOU (AND TO THE EXTENT OF OTHER LOSSES RECOGNIZED ON PRIOR TRANSFERS OF THE SAME PARTNERSHIP INTEREST THAT HAVE NOT BEEN OFFSET BY PRIOR LOSS DISALLOWANCES). EACH YEAR, YOU MUST REDUCE YOUR SHARE OF LOSSES AS REPORTED TO YOU BY THIS PARTNERSHIP BY THE AMOUNT OF ANY LOSS RECOGNIZED BY THE TRANSFEROR PARTNER (OR ANY PRIOR TRANSFEROR TO THE EXTENT NOT ALREADY OFFSET BY PRIOR LOSS DISALLOWANCES) UNTIL YOU HAVE REDUCED YOUR SHARE OF PARTNERSHIP LOSSES BY THE TOTAL AMOUNT OF LOSSES REQUIRED TO BE DISALLOWED. IF THE TRANSFEROR PARTNER, OR ITS LEGAL REPRESENTATIVE IN THE CASE OF A TRANSFER BY DEATH, FAILS TO PROVIDE YOU WITH THE REQUIRED STATEMENT, YOU MUST TREAT ALL LOSSES ALLOCATED FROM THE EIP AS DISALLOWED UNDER SECTION 743(E) (2) UNLESS YOU OBTAIN, FROM THE EIP OR OTHERWISE, THE INFORMATION NECESSARY TO DETERMINE THE PROPER AMOUNT OF LOSSES DISALLOWED UNDER SECTION 743(E) (2). SEE NOTICE 2005-32 FOR MORE INFORMATION.

SECTION 199A INFORMATION

THE PARTNERSHIP HAS TAKEN THE POSITION THAT IT IS AN INVESTOR IN SECURITIES AND THEREFORE IS NOT ENGAGED IN A TRADE OR BUSINESS UNDER SECTION 162. AS A RESULT, PURSUANT TO SECTION 199A AND THE REGULATIONS THEREUNDER, THE PARTNERSHIP DOES NOT HAVE QUALIFIED BUSINESS INCOME, W-2 WAGES, OR QUALIFIED PROPERTY CONNECTED TO A QUALIFIED TRADE OR BUSINESS IN THE UNITED STATES. PLEASE CONSULT YOUR TAX ADVISOR.

STATE INFORMATION

THIS PARTNERSHIP HAS DETERMINED THAT IT QUALIFIES AS AN INVESTMENT PARTNERSHIP IN THE STATE OF ILLINOIS. IT HAS ALSO DETERMINED THAT IT QUALIFIES AS A PARTNERSHIP THAT INVESTS EXCLUSIVELY IN STOCKS, BONDS, DEBT OBLIGATIONS, OTHER THAN DEBT INSTRUMENTS DIRECTLY SECURED BY REAL OR TANGIBLE PROPERTY IN THE STATE OF MARYLAND. PLEASE CONSULT YOUR TAX ADVISOR REGARDING ANY STATE FILING REQUIREMENTS.

**Schedule K-3
(Form 1065)**Department of the Treasury
Internal Revenue Service**Partner's Share of Income, Deductions,
Credits, etc. - International**For calendar year 2023, or tax year beginning 2023, ending
See separate instructions.**2023**

Information About the Partnership		Information About the Partner
A Partnership's employer identification number (EIN) 26-0103776		C Partner's social security number (SSN) or taxpayer identification number (TIN) (Do not use TIN of a disregarded entity. See instructions.) 00-0000000
B Partnership's name, address, city, state, and ZIP code STERLING CAPITAL PARTNERS II, LP 100 INTERNATIONAL DRIVE, 23RD FLOOR OFFICE 2301 BALTIMORE, MD 21202		D Name, address, city, state, and ZIP code for partner entered in C. See instructions. QS PEP LEGACY FUND SLP 3, BOULEVARD ROYAL LUXEMBOURG, LU L-2449

E Check to indicate the parts of Schedule K-3 that apply.

		Yes	No
1	Does Part I apply? If "Yes," complete and attach Part I	1	✓
2	Does Part II apply? If "Yes," complete and attach Part II	2	✓
3	Does Part III apply? If "Yes," complete and attach Part III	3	✓
4	Does Part IV apply? If "Yes," complete and attach Part IV	4	✓
5	Does Part V apply? If "Yes," complete and attach Part V	5	✓
6	Does Part VI apply? If "Yes," complete and attach Part VI	6	✓
7	Does Part VII apply? If "Yes," complete and attach Part VII	7	✓
8	Does Part VIII apply? If "Yes," complete and attach Part VIII	8	✓
9	Does Part IX apply? If "Yes," complete and attach Part IX	9	✓
10	Does Part X apply? If "Yes," complete and attach Part X	10	✓
11	Does Part XI apply? If "Yes," complete and attach Part XI	11	✓
12	Reserved for future use	12	
13	Does Part XIII apply? If "Yes," complete and attach Part XIII.	13	✓

For IRS Use Only

For Paperwork Reduction Act Notice, see the Instructions for Form 1065.

www.irs.gov/Form1065

Schedule K-3 (Form 1065) 2023

Name of partnership STERLING CAPITAL PARTNERS II, LP	EIN 26-0103776	Name of partner QS PEP LEGACY FUND SLP	SSN or TIN 00-0000000
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Part I Partner's Share of Partnership's Other Current Year International Information

Check box(es) for additional specified attachments. See instructions.

- | | | | |
|--|---|--|--|
| <input type="checkbox"/> 1. Gain on personal property sale | <input type="checkbox"/> 5. High-taxed income | <input type="checkbox"/> 8. Form 5471 information | <input type="checkbox"/> 11. Dual consolidated loss |
| <input type="checkbox"/> 2. Foreign oil and gas taxes | <input type="checkbox"/> 6. Section 267A disallowed deduction | <input type="checkbox"/> 9. Other forms | <input type="checkbox"/> 12. Form 8865 information |
| <input type="checkbox"/> 3. Splitter arrangements | <input type="checkbox"/> 7. Reserved for future use | <input type="checkbox"/> 10. Partner loan transactions | <input type="checkbox"/> 13. Other international items
(attach description and statement) |
| <input type="checkbox"/> 4. Foreign tax translation | | | |

Part II Foreign Tax Credit Limitation**Section 1 - Gross Income**

Description	(a) U.S. source	Foreign Source				(f) Sourced by partner	(g) Total
		(b) Foreign branch category income	(c) Passive category income	(d) General category income	(e) Other (category code _____)		
1 Sales							
A							
B							
C							
2 Gross income from performance of services							
A							
B							
C							
3 Gross rental real estate income							
A							
B							
C							
4 Other gross rental income							
A							
B							
C							
5 Guaranteed payments							
6 Interest income							
A US	986						986
B							
C							
7 Ordinary dividends (exclude amount on line 8)							
A							
B							
C							

Name of partnership STERLING CAPITAL PARTNERS II, LP	EIN 26-0103776	Name of partner QS PEP LEGACY FUND SLP	SSN or TIN 00-0000000
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Part II Foreign Tax Credit Limitation (continued)**Section 1 - Gross Income (continued)**

Description	(a) U.S. source	Foreign Source				(f) Sourced by partner	(g) Total
		(b) Foreign branch category income	(c) Passive category income	(d) General category income	(e) Other (category code _____)		
8 Qualified dividends							
A							
B							
C							
9 Reserved for future use							
10 Royalties and license fees							
A							
B							
C							
11 Net short-term capital gain							
A							
B							
C							
12 Net long-term capital gain							
A							
B							
C							
13 Collectibles (28%) gain							
A							
B							
C							
14 Unrecaptured section 1250 gain							
A							
B							
C							
15 Net section 1231 gain							
A							
B							
C							

Name of partnership STERLING CAPITAL PARTNERS II, LP	EIN 26-0103776	Name of partner QS PEP LEGACY FUND SLP	SSN or TIN 00-0000000
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Part II Foreign Tax Credit Limitation (continued)**Section 1 - Gross Income (continued)**

Description	(a) U.S. source	Foreign Source				(f) Sourced by partner	(g) Total
		(b) Foreign branch category income	(c) Passive category income	(d) General category income	(e) Other (category code _____)		
16 Section 986(c) gain							
17 Section 987 gain							
18 Section 988 gain							
19 Section 951(a) inclusions							
A							
B							
C							
20 Other income (see instructions)							
A							
B							
C							
21 Reserved for future use							
A							
B							
C							
22 Reserved for future use							
A							
B							
C							
23 Reserved for future use							
A							
B							
C							
24 Total gross income (combine lines 1 through 23)	986						986
A US	986						986
B							
C							

Name of partnership STERLING CAPITAL PARTNERS II, LP	EIN 26-0103776	Name of partner QS PEP LEGACY FUND SLP			SSN or TIN 00-0000000	
Part II Foreign Tax Credit Limitation (continued)						
Section 2 - Deductions						
Description	(a) U.S. source	Foreign Source			(f) Sourced by partner	(g) Total
		(b) Foreign branch category income	(c) Passive category income	(d) General category income		
25 Expenses allocable to sales income						
26 Expenses allocable to gross income from performance of services						
27 Net short-term capital loss						
28 Net long-term capital loss.						
29 Collectibles loss						
30 Net section 1231 loss						
31 Other losses						
32 Research & experimental (R&E) expenses						
A SIC code:						
B SIC code:						
C SIC code:						
33 Allocable rental expenses - depreciation, depletion, and amortization .						
34 Allocable rental expenses - other than depreciation, depletion, and amortization						
35 Allocable royalty and licensing expenses - depreciation, depletion, and amortization						
36 Allocable royalty and licensing expenses - other than depreciation, depletion, and amortization						
37 Depreciation not included on line 33 or line 35						
38 Charitable contributions						
39 Interest expense specifically allocable under Regulations section 1.861-10(e) . . .						
40 Other interest expense specifically allocable under Regulations section 1.861-10T						
41 Other interest expense - business						
42 Other interest expense - investment						
43 Other interest expense - passive activity . . .						
44 Section 59(e)(2) expenditures, excluding R&E expenses on line 32						
45 Foreign taxes not creditable but deductible						

Name of partnership STERLING CAPITAL PARTNERS II, LP	EIN 26-0103776	Name of partner QS PEP LEGACY FUND SLP	SSN or TIN 00-0000000
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Part II Foreign Tax Credit Limitation (continued)**Section 2 - Deductions (continued)**

Description	(a) U.S. source	Foreign Source				(f) Sourced by partner	(g) Total
		(b) Foreign branch category income	(c) Passive category income	(d) General category income	(e) Other (category code _____)		
46 Section 986(c) loss							
47 Section 987 loss							
48 Section 988 loss							
49 Other allocable deductions (see instructions)						949	949
50 Other apportioned share of deductions (see instructions)							
51 Reserved for future use							
52 Reserved for future use							
53 Reserved for future use							
54 Total deductions (combine lines 25 through 53)						949	949
55 Net income (loss) (subtract line 54 from line 24)	986					(949)	37

Part III Other Information for Preparation of Form 1116 or 1118**Section 1 - R&E Expenses Apportionment Factors**

Description	(a) U.S. source	Foreign Source				(f) Sourced by partner	(g) Total
		(b) Foreign branch category income	(c) Passive category income	(d) General category income	(e) Other (category code _____) (country code _____)		
1 Gross receipts by SIC code							
A SIC code:							
B SIC code:							
C SIC code:							
D SIC code:							
E SIC code:							
F SIC code:							
2 Exclusive apportionment with respect to total R&E expenses entered on Part II, line 32.							
A R&E expense with respect to activity performed in the United States							
(i) SIC code:						2A(i)	
(ii) SIC code:						2A(ii)	
(iii) SIC code:						2A(iii)	
B R&E expense with respect to activity performed outside the United States							
(i) SIC code:						2B(i)	
(ii) SIC code:						2B(ii)	
(iii) SIC code:						2B(iii)	

Name of partnership STERLING CAPITAL PARTNERS II, LP	EIN 26-0103776	Name of partner QS PEP LEGACY FUND SLP	SSN or TIN 00-0000000
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Part IX Partner's Information for Base Erosion and Anti-Abuse Tax (Section 59A) (continued)**Section 2 - Base Erosion Payments and Base Erosion Tax Benefits (see instructions) (continued)**

	Description	(a) Total	(b) Total base erosion payments	(c) Total base erosion tax benefits
18	Portion of base erosion tax benefits reported on lines 6 through 16, on which tax is imposed by section 871 or 881, with respect to which tax has been withheld under section 1441 or 1442 at reduced withholding rate pursuant to income tax treaty. Multiply ratio of percentage withheld divided by 30% (0.30) times tax benefit. See instructions			
19	Total base erosion tax benefits (subtract the sum of lines 17 and 18 from the sum of lines 8 through 16)			
20	Reserved for future use			
21	Reserved for future use			
22	Reserved for future use			

Part X Foreign Partner's Character and Source of Income and Deductions**Section 1 - Gross Income**

Description	(a) Total	(b) Partner determination	Partnership Determination				
			ECI		Non-ECI		
			(c) U.S source	(d) Foreign source	(e) U.S. source (FDAP)	(f) U.S. source (other)	(g) Foreign source
1 Ordinary business income (gross)							
2 Gross rental real estate income							
3 Other gross rental income							
4 Guaranteed payments for services							
5 Guaranteed payments for use of capital							
6 Interest income	986						986
7 Dividends							
8 Dividend equivalents							
9 Royalties and license fees							
10 Net short-term capital gain							
11 Net long-term capital gain							
12 Collectibles (28%) gain							
13 Unrecaptured section 1250 gain							
14 Net section 1231 gain							
15 Reserved for future use							
16 Reserved for future use							
17 Reserved for future use							
18 Reserved for future use							
19 Reserved for future use							
20 Other income (loss) not included on lines 1 through 19							
21 Gross income (sum of lines 1 through 20)	986						986

Name of partnership STERLING CAPITAL PARTNERS II, LP	EIN 26-0103776	Name of partner QS PEP LEGACY FUND SLP	SSN or TIN 00-0000000
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Part X Foreign Partner's Character and Source of Income and Deductions (continued)**Section 2 - Deductions, Losses, and Net Income**

Description	(a) Total	(b) Partner determination	Partnership Determination				
			ECI		Non-ECI		
			(c) U.S. source	(d) Foreign source	(e) U.S. source (FDAP)	(f) U.S. source (other)	(g) Foreign source
1 Expenses related to ordinary business income (gross)							
2 R&E expenses							
3 Expenses from rental real estate. . .							
4 Expenses from other rental activities							
5 Royalty and licensing expenses . . .							
6 Section 179 deduction							
7 Interest expense on U.S.-booked liabilities							
8 Interest expense directly allocable under Regulations sections 1.882-5(a)(1)(ii)(B) and 1.861-10T .							
9 Other interest expense							
10 Section 59(e)(2) expenditures. . . .							
11 Net short-term capital loss							
12 Net long-term capital loss.							
13 Collectibles loss							
14 Net section 1231 loss							
15 Other losses							
(1)							
(2)							
16 Charitable contributions							
17 Other: PORTFOLIO EXPENSES	949	949					
18 Other:							
19 Reserved for future use							
20 Reserved for future use							
21 Reserved for future use							
22 Reserved for future use							
23 Reserved for future use							
24 Total (sum of lines 1 through 23) . .	949	949					
25 Net income (loss) (line 21 (Section 1) minus line 24 (Section 2)).	37						

Name of partnership STERLING CAPITAL PARTNERS II, LP	EIN 26-0103776	Name of partner QS PEP LEGACY FUND SLP	SSN or TIN 00-0000000
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Part X Foreign Partner's Character and Source of Income and Deductions (continued)**Section 3 - Allocation and Apportionment Methods for Deductions**

1 Gross income	
a Gross ECI	
b Worldwide gross income	986
2 Assets	
a Average U.S. assets (inside basis)	
b Worldwide assets	
3 Liabilities	
a U.S.-booked liabilities of partnership	
b Directly allocated partnership indebtedness	
4 Personnel	
a Personnel of U.S. trade or business.	
b Worldwide personnel	
5 Gross receipts from sales or services by SIC code	
(i) SIC code	(ii) ECI
a	
b	

6 Reserved for future use	(i)	(ii)	(iii)
a			
b			
7 Other allocation and apportionment key	(i) Key/Factor		
a	(ii) Allocation		
b			
8 Other allocation and apportionment key	(i) Key/Factor		
a	(ii) Allocation		
b			

Section 4 - Reserved for Future Use

	Reserved	(a) Reserved	(b) Reserved	(c) Reserved
1 Reserved for future use				
2 Reserved for future use				
3 Reserved for future use				
4 Reserved for future use				
5 Reserved for future use				
6 Reserved for future use				
7 Reserved for future use				
8 Reserved for future use				
9 Reserved for future use				
10 Reserved for future use				

PART II, SECTION 2, DEDUCTIONS BY COUNTRY

DESCRIPTION	FOREIGN SOURCE						(G) TOTAL
	(A) U.S. SOURCE	(B) FOREIGN BRANCH CATEGORY INCOME	(C) PASSIVE CATEGORY INCOME	(D) GENERAL CATEGORY INCOME	(E) OTHER CATEGORY CODE:	(F) SOURCED BY PARTNER	
49. OTHER ALLOCABLE DEDUCTIONS							
US							949
TOTAL LINE 49							949

PART II, SECTION 2 - 49 - OTHER ALLOCABLE DEDUCTIONS

DESCRIPTION	FOREIGN SOURCE						(G) TOTAL
	(A) U.S. SOURCE	(B) FOREIGN BRANCH CATEGORY INCOME	(C) PASSIVE CATEGORY INCOME	(D) GENERAL CATEGORY INCOME	(E) OTHER CATEGORY CODE:	(F) SOURCED BY PARTNER	
PORTFOLIO EXPENSES							
US							949
TOTAL							949

PART X - PARTNER DETERMINATION DETAIL

DESCRIPTION	PARTNER DETERMINATION	ECI		NON-ECI		(G) FOREIGN SOURCE
		(C) U.S. SOURCE	(D) FOREIGN SOURCE	(E) U.S. SOURCE (FDAP)	(F) U.S. SOURCE (OTHER)	
17. OTHER						
PORTFOLIO EXPENSES		949				
- IF US SOURCED					949	
- IF FOREIGN SOURCED						949
24. TOTAL		949				
- IF US SOURCED					949	
- IF FOREIGN SOURCED						949