

BNY MELLON
**CASH INVESTMENT
STRATEGIES**

BNY Mellon Cash Investment Strategies

200 Park Avenue
New York, NY 10166

Form ADV Part 2A (as of March 30, 2012)

This brochure provides information about the qualifications and business practices of BNY Mellon Cash Investment Strategies (“CIS”), a division of The Dreyfus Corporation (“Dreyfus”). If you have any questions about the contents of this brochure, please contact us at 1-800-374-6969. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Registration with the SEC does not imply a certain level of skill or training.

Additional information about CIS also is available on the SEC’s website at www.adviserinfo.sec.gov.

This brochure does not contain information relating to Dreyfus’ investment advisory services to mutual funds. Additional information pertaining to Dreyfus’ mutual funds is available in each Fund’s Prospectus or Statement of Additional Information, which are available on dreyfus.com or by calling Dreyfus at 1-800-843-5466.

Item 2. Material Changes

Following are summaries of our material changes made since our last annual update on March 31, 2011.

Item 9 has been updated in order to disclose recent civil and administrative complaints against The Bank of New York Mellon Corporation concerning its standing instruction foreign exchange services.

Table of Contents

<u>Item</u>	<u>Page</u>
1 - Cover Page	1
2 - Material Changes	2
3 - Table of Contents	3
4 - Advisory Business	4
5 - Fees and Compensation	5
6 - Performance-Based Fees and Side-by-Side Management	8
7 - Types of Clients	10
8 - Methods of Analysis, Investment Strategies and Risk of Loss	
<i>Investment Process</i>	11
<i>Credit Research and Risk Management</i>	11
<i>Strategies We Offer</i>	13
<i>Material Risks</i>	17
9 - Disciplinary Information	21
10 - Other Financial Industry Activities and Affiliations	22
11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	26
12 - Brokerage Practices	28
13 - Review of Accounts	30
14 - Client Referrals and Other Compensation	31
15 - Custody	32
16 - Investment Discretion	33
17 - Voting Client Securities	33
18 - Financial Information	34

Item 4. Advisory Business

CIS (the “Firm” or “We” or “Us”) is a division of The Dreyfus Corporation (“Dreyfus”), a US-registered investment adviser and a wholly-owned subsidiary of The Bank of New York Mellon Corporation (“BNY Mellon”). We offer short duration fixed income, fixed income index, and stable value solutions to US and non-US institutional investors.

CIS was formed in January 2009 by combining the short duration, index and stable value strategies previously managed by Standish Mellon Asset Management Company LLC (“Standish”), an affiliate of Dreyfus, with the money market strategies managed by Dreyfus. Standish was formed in 1933 and has provided advisory services to short duration clients since 1986. Dreyfus was formed in 1951 and has provided advisory services for money market funds since 1974. Dreyfus also serves as an investment adviser to mutual funds, including the Dreyfus Family of Funds, and sub-investment adviser to non-affiliated mutual funds.

CIS Net Assets Under Management as of December 31, 2011:

- We managed \$49,936.0 million in assets on behalf of our institutional separate account clients, of which \$2,142.9 million was on a non-discretionary basis.⁽¹⁾
- We managed an additional \$178,579.7 million in US registered money market and short duration mutual funds, \$2,065.5 million in non-registered money market funds and \$40,766.4 million in offshore money market funds.⁽¹⁾
- Certain of our employees, in their capacity as officers of an affiliate, The Bank of New York Mellon (“Bank”), provide investment advisory services to the Bank in connection with certain of the Bank’s collective investment funds and securities lending program. These employees managed an additional \$212,013.9 million in assets.
- In total, CIS managed \$483,361.5 million in assets.

This brochure does not contain information relating to Dreyfus’ investment advisory services to mutual funds. Additional information pertaining to Dreyfus’ mutual funds is available in each Fund’s Prospectus or Statement of Additional Information, which are available on dreyfus.com or by calling Dreyfus at 1-800-843-5466.

⁽¹⁾ *The regulatory assets under management for these clients are included in The Dreyfus Corporation Form ADV Part I.*

We specialize in providing the institutional marketplace with comprehensive and customized cash management solutions, including short duration fixed income, fixed income index, and stable value strategies. We provide discretionary and non-discretionary investment advisory services in the form of individual separate accounts or through subadvisory relationships. We seek to achieve specific client return objectives on both an absolute and risk-adjusted basis versus appropriate benchmarks, consistent with each client’s investment goals, risk tolerance and desired guidelines, and work with our clients to create appropriate portfolio investment guidelines. When creating investment guidelines, clients may opt to impose investment restrictions on individual securities, asset classes, types of transactions, permitted counterparties, and other investment-related considerations.

We may also from time to time offer investment advisory services to pooled investment vehicles, or “funds”. Such pooled investment vehicles would each have a stated investment objective and a set of

uniform investment policies and guidelines we would be required to follow. For this reason, unlike separate accounts, fund guidelines cannot be tailored for, nor selectively applied to, individual underlying participants, but are meant to apply in common across all fund participants.

We offer investment advisory services to non-US clients, and may be subject to the laws and regulations of the relevant jurisdictions. Dreyfus is registered with the Irish Financial Services Regulatory Authority in connection with its management of certain non-US domiciled funds.

Item 5. Fees and Compensation

Separate Account Fees:

We provide investment advisory services for a fee. This fee is typically charged as a percentage of your assets under our management. While this fee is typically expressed as an annual percentage, it is calculated based on average daily or monthly net assets, depending upon the duration profile of the product in which you are invested, and is correspondingly payable on a monthly or quarterly basis in arrears. You may select whether you would like fees to be deducted automatically from your assets or billed separately. If you would like to have fees automatically deducted, your investment management agreement will provide that we may present fee invoices to your portfolio custodian (or similar third party acting on your behalf) for payment. In either case, you will receive a copy of each periodic fee invoice. Your investment advisory agreement may also provide that you will incur fees and expenses in addition to our advisory fees, such as custody, brokerage and other transaction costs, and/or administrative or other expenses. Please review your investment advisory agreement for further information on how we charge and collect fees. Please see Item 12 of this brochure for more information on our brokerage practices.

We reserve the right, in our sole discretion, to negotiate or modify (either up or down) the basic fee schedules described below, for any client, due to a variety of factors, including but not limited to: the level of reporting and administrative operations required to service an account, the investment strategy or style selected by the client, the number of portfolios or accounts being managed, and/or the number and types of services provided to the client. Because our fees are negotiable, the actual fee paid by any client or group of clients may be different from the fees reflected in our basic fee schedules. Depending upon account size or strategy, a minimum fee may apply.

Short Duration Products:

- **Short Term Investment Strategy (STIF), Government Short Term Investment Strategy (Government STIF), Ultra Short Treasury and Ultra Short Government separate accounts:**
 - 0.10% on the first \$ 100 million
 - 0.08% on the next \$100 million
 - Negotiable thereafterThe minimum account size for a separate account is \$50 million; the minimum account fee is \$25,000.
- **Enhanced Short Term Investment Strategy (Super STIF) and Ultra Short Government/Credit separate accounts:**
 - 0.12% on the first \$50 million

- 0.10% on the next \$50 million
- Negotiable thereafter

The minimum account size for a separate account is \$50 million; the minimum account fee is \$25,000.

➤ **1-3 Year and 1-5 Year Treasury or Government separate accounts:**

- 0.12% on the first \$50 million
- 0.10% on the next \$50 million
- Negotiable thereafter

The minimum account size for a separate account is \$25 million; the minimum account fee is \$25,000.

➤ **1-3 Year and 1-5 Year Government/Credit separate accounts:**

- 0.15% on the first \$50 million
- 0.12% on the next \$50 million
- Negotiable thereafter

The minimum account size for a separate account is \$25 million; the minimum account fee is \$25,000.

Index Products:

➤ **Intermediate Government/Credit Index, Government/Credit Index and Aggregate Fixed Income Index separate accounts:**

- 0.10% on the first \$25 million
- 0.08% on the next \$75 million
- Negotiable thereafter

Minimum account sizes are \$50 million for an Intermediate Government/Credit Index separate account, \$75 million for a Government/Credit Index separate account, and \$100 million for an Aggregate Fixed Income Index separate account.

➤ **TIPS Index separate accounts:**

For accounts under \$100 million:

- 0.10% on the first \$50 million
- 0.08% on the next \$50 million

For accounts over \$100 million:

- 0.06% on all assets

The minimum account size for a TIPS Index separate account is \$25 million.

Stable Value Products:

We provide discretionary advisory services to develop and implement investment strategies concentrating on stable value instruments, including Guaranteed Investment Contracts (“GIC”) and GIC Alternatives. We can also be retained in a consulting capacity to provide pertinent information on all aspects of a stable value asset portfolio.

However, in cases where we act only as consultant, the client retains full discretionary authority over all investments. There are no standard advisory fees for such non-discretionary consulting arrangements, and

our fees for individual discretionary advisory accounts are negotiated on a case-by-case basis, taking into consideration such factors such as account size and structure, cash flow, and other account-specific characteristics. Depending on the applicability and impact of these factors, we may negotiate a fee schedule different from that listed below.

- **For stable value accounts under \$250 million:**
 - 0.20% on the first \$75 million
 - 0.15% on the next \$75 million
 - 0.10% on the next \$100 million
- **For stable value accounts over \$250 million:**
 - 0.12% on the first \$250 million
 - 0.09% on the next \$250 million
 - 0.07% on assets over \$500 million

Additional Fee Information

For portfolios subject to ERISA, the value of any client account holdings invested in affiliated mutual funds is excluded from the amount on which our separate account fees are computed. In cases where a client account is not subject to ERISA, and / or where client account holdings are invested in an affiliated vehicle not constituting a mutual fund, we may, subject to client contractual requirements and applicable law, including but not limited to ERISA, calculate our separate account fee on the aggregate amount of the client's account. In certain instances where we have agreed to charge a flat fee for all assets under management, an adjustment may be made to the fee to take into account the holdings in affiliated mutual funds.

From time to time, we may enter into different compensation arrangements with other clients, including arrangements providing for compensation on the basis of a share of the capital gains upon, or the capital appreciation of, the funds, or any portion of the funds of a client, in accordance with and to the extent permitted by Section 205-3 of The Investment Advisers Act of 1940 ("Advisers Act"), as amended, and the rules and regulations thereunder.

Pooled Investment Vehicle Fees:

We may offer investment advisory services to US or offshore-domiciled pooled investment vehicles or other private funds ("funds"). Depending on the client's fee arrangement and / or the legal structure of the fund, fees may be assessed either at the participant's account level or at the fund or share class level.

Fees would typically be calculated based on average daily or monthly net assets, depending on the duration profile of the fund's investment strategy, and correspondingly payable monthly or quarterly in arrears. Participants' accounts may also be subject to additional charges such as custody, brokerage and other transaction costs, and/or administrative or other expenses. Fees are not generally negotiable, though they may be waived or deferred at the discretion of the fund in accordance with the fund's offering materials. Such waivers and deferrals would cause some clients or groups of clients to pay fees that would be less than the basic fee schedules disclosed in a fund's offering materials. In addition, funds that we potentially manage might also be subject to performance fees. All such fees and expenses would be described in detail in the applicable fund's offering document.

As described in Item 4, certain employees of Dreyfus may also manage bank maintained collective funds in their dual capacity as officers of an affiliate, The Bank of New York Mellon ("Bank"). Clients investing in such collective investment funds typically sign an Investment Management Agreement or Trust Agreement with the Bank, fees are typically negotiable, and management fees are assessed at the account level based on the strategy selected. Similar to private funds, charges in addition to the management fee may also apply.

Referral Fees:

Effective January 1, 2011, we have entered into a referral arrangement with an affiliate, the BNY Mellon Fixed Income Division of MBSC Securities Corporation ("MBSC"), pursuant to which MBSC will have primary responsibility for US sales and consultant relations services on our behalf. This arrangement complies with Rule 206(4)-3 under the Advisers Act. Under this arrangement, certain MBSC employees are also officers of Dreyfus for the limited purpose of engaging in various sales and marketing support functions including, but not limited to, providing assistance related to the completion of RFPs and other marketing pieces; collaborating with our marketing and client service associates; participating in finals presentations; and entering into investment management agreements on behalf of CIS. Such MBSC employees, in their role as officers of Dreyfus, will have access to relevant client information that we maintain. In addition, under this arrangement, MBSC will receive a percentage of the annual asset management fee, for a period not to exceed three years, for sales of investment advisory services that they complete on our behalf. In no case will the payment of such referral fees increase the amount of fees paid by a client.

Receipt of such referral fees gives rise to a conflict of interest in that it may give our affiliate an incentive to recommend investment products based on the compensation they will receive, rather than solely on a client's needs. Please refer to Item 6, below, for a discussion of these conflicts of interest.

Item 6. Performance Fees and Side-by-Side Management

Advisers are subject to certain fiduciary standards under federal law and owe clients an affirmative duty of utmost good faith to act solely in the best interests of the client and to make full and fair disclosure of all material facts, particularly where the adviser's interests may conflict with the client's best interest. In this section, we describe our performance based fee arrangements and our side-by-side management activities and the inherent conflicts in such arrangements.

We may from time to time offer or enter into investment advisory arrangements that feature performance fees; such fees would be fully described in the applicable investment advisory contract or product offering document.

"Side-by-side management" refers to our simultaneous management of multiple types of client accounts or investment products. For example, we manage client accounts having a variety of investment objectives, policies, strategies, limitations and restrictions. Our affiliates likewise manage a variety of separate accounts, managed accounts, and pooled investment vehicles.

Side-by-side management gives rise to a variety of potential and actual conflicts of interest for us, our employees and our supervised persons. Below we discuss the conflicts that we and our employees and supervised persons face when engaging in side-by-side management and how we deal with them. Note

that certain of our employees are also officers or employees of one or more firm affiliates (“dual officers”). These dual officers undertake investment management duties for the affiliates of which they are officers. Please see Item 10 for more information on our dual officer arrangements. When we and our affiliates concurrently manage client accounts/ investment products, and particularly when dual officers are involved, this presents the same conflicts as described below.

Note that we manage our accounts consistent with applicable law, and we follow procedures that are reasonably designed to treat our clients fairly and to prevent any client or group of clients from being systematically favored or disadvantaged. For example, we have trade allocation policies and procedures which are designed and implemented to ensure that all clients are treated fairly and equally, and to prevent these conflicts from influencing the allocation of investment opportunities among clients. Please see Item 12 for an explanation of our trade allocation policies and procedures.

Conflicts of Interest Relating to Performance Based Fees When Engaging in Side-by-Side Management

We may manage accounts that are charged a performance-based fee and other accounts that are charged a different type of fee, such as a flat asset-based fee. We have a financial incentive to favor accounts with performance-based fees because we (and our employees and supervised persons) may have an opportunity to earn greater fees on such accounts as compared to client accounts without performance-based fees. Thus, we may have an incentive to direct our best investment ideas to client accounts that pay performance-based fees, and to allocate, aggregate or sequence trades in favor of such accounts. We may also have an incentive to give accounts with performance-based fees better execution and better brokerage commissions. Please also refer to Item 12 for a discussion of our brokerage practices.

Conflicts of Interest Relating to Accounts with Different Strategies

We and our affiliates manage numerous accounts with a variety of strategies, which may present conflicts of interest. For example, a long/short position in two client accounts simultaneously can result in a loss to one client based on a decision to take a gain in the other. Taking concurrent conflicting positions in certain derivative instruments can likewise cause a loss to one client and a gain to another. We also may face conflicts of interest when we hold significant positions in illiquid securities in side-by-side accounts. Please also refer to Item 12 for a discussion of our brokerage practices.

Conflicts of Interest Relating to the Management of Multiple Client Accounts

We and our affiliates perform investment advisory services for various clients. We may give advice and take action in the performance of our duties with respect to any of our clients which may differ from the advice given, or the timing or nature of action taken, with respect to another client. We have no obligation to purchase or sell for a client any security or other property which we purchase or sell for our own account or for the account of any other client, if it is undesirable or impractical to take such action. We may give advice or take action in the performance of our duties with respect to any of our clients which may differ from the advice given, or the timing or nature of action taken by our affiliates on behalf of their clients.

Conflicts of Interest Relating to Investment in Affiliated Accounts

To the extent permissible under applicable law (including compliance with any applicable ERISA prohibited transaction exemptions), and, where permitted by client guidelines, we may invest client accounts in affiliated mutual funds. We may also, in appropriate circumstances and consistent with the

client's investment objectives and applicable law, recommend to clients investment products in which we or a related party have a financial interest. Specifically, we may suggest participation in a collective fund maintained by an affiliate, The Bank of New York Mellon ("Bank"). As described above, such collective funds are managed by certain Dreyfus employees in their dual capacity as officers of the Bank.

We have an incentive to allocate investments to these types of affiliated accounts in order to generate additional fees for us or our affiliates.

Other Conflicts of Interest

As noted previously, we and our affiliates manage numerous accounts with a variety of interests. This necessarily creates potential conflicts of interest for us. For example, we or an affiliate may cause multiple accounts to invest in the same investment. Such accounts may have conflicting interests and objectives in connection with such investment, including differing views on the operations or activities of the portfolio company, the targeted returns for the transaction and the timeframe for and method of exiting the investment. Conflicts may also arise in cases where multiple firm and/or client accounts of affiliates are invested in different parts of an issuer's capital structure. For example, one of our client accounts could acquire debt obligations of a company while an affiliate's client account acquires an equity investment. In negotiating the terms and conditions of any such investments, we may find that the interests of the debt-holding client accounts and the equity holding client accounts may conflict. If that issuer encounters financial problems, decisions over the terms of the workout could raise conflicts of interest (including, for example, conflicts over proposed waivers and amendments to debt covenants). For example, debt holding accounts may be better served by a liquidation of an issuer, while equity holding accounts might prefer a reorganization of the issuer that would have the potential to retain value for the equity holders. As another example, holders of an issuer's senior securities may be able to act to direct cash flows away from junior security holders, and both the junior and senior security holders may be firm client accounts. Any of the foregoing conflicts of interest are mitigated by our policies and procedures with respect to allocating trades, monitoring client investment guidelines, maintaining appropriate information barriers, and similar fiduciary controls.

Item 7 Types of Clients and Account Requirements**Type of Clients:**

We provide advisory services to corporate pension and profit sharing plans, Taft-Hartley plans, Voluntary Employee Beneficiary Associations ("VEBAs"), charitable institutions, foundations, endowments, municipalities, corporations, government plans, non-US domiciled UCITS, and other US and non-US institutions.

Account Requirements:

We require clients to execute a written investment management agreement, granting us authority to manage their assets. Separate accounts are subject to minimum account sizes which vary depending upon the strategy of the account. Separate accounts may also be subject to minimum annual fees; please refer to Item 5 for more information.

8) Methods of Analysis, Investment Strategies and Risk of Loss

Each investment strategy we offer invests in a variety of securities and employs a number of investment techniques that involve certain risks. Investing in securities involves risk of loss that you should be prepared to bear. This next section describes our overall investment, credit research, and market risk processes, followed by more detailed discussions of the strategies we actively offer and their associated risks.

Investment Process

Short-Duration Strategies – Investment Process

Our short duration portfolio construction process begins with a thorough and detailed understanding of each client's specific investment objectives, risk tolerance, and benchmark expectation. Our investment approach is characterized by the following: management of client-specific requirements such as low volatility, liquidity and specific duration targets; a disciplined team structure designed to facilitate inclusion of "best ideas" into the decision-making process through the interaction of investment professionals; top down quantitative and macroeconomic analysis to guide sector and industry allocation and yield curve positioning; and fundamental analysis to identify individual issues that we believe offer attractive liquidity and return potential within the short duration universe.

Index Strategies – Investment Process

Our index investment process is top down and driven primarily by the structure of the applicable benchmark. Using stratified sampling, we divide the index into "cells" to allow for precise matching of sector allocations, duration, yield curve positioning, and credit quality. In addition, we seek to anticipate near-term changes to the index (e.g., new issuance, issuer downgrades) to help minimize tracking error; periodically adjust for changes to index selection criteria and index structure; attempt to minimize market and sector timing issues by remaining as fully invested as practical; and seek to add value through proprietary credit research, security selection and trading, while employing risk controls to limit potential variance from the index.

Stable Value Strategies – Investment Process

Our stable value investment process is marked by four key characteristics: a risk-averse style; a disciplined, quantitative approach; a flexible model; and opportunistic management. Recognizing that our Stable Value clients desire preservation of principal and delivery of stable returns over time, we focus primarily on managing their portfolios to help achieve those objectives. We believe that total return, while important, is always secondary to providing our clients with a suitable approach for their long-term needs.

Credit Research and Risk Management

Credit Research

We believe that rigorous credit research is a critical tool in helping achieve our clients' investment

objectives while seeking to minimize investment risk.

With primary analysts organized by sector, our credit research function is fully independent from portfolio management, and our dedicated research team employs a deliberately conservative policy, when evaluating individual credits, to help support portfolio credit quality and stability. We believe that this approach is well proven, and that it continues to be highly relevant in today's volatile credit environment.

The process we employ to assess credit risk typically incorporates the review of: company financial statements; issuer-specific documents, when appropriate, based on security type; applicable regulatory filings; macroeconomic, industry and sector factors; research previously completed by rating agencies and independent analysts; and onsite visits and discussions with issuer management when appropriate.

Based on their findings, the credit research team prepares an "approved" issuer list for our liquidity management strategies, and a coverage list for our short-duration, index, and stable value strategies. Our portfolio management teams then use these lists as the basis for their purchase decisions, subject to issuer, maturity, liquidity and portfolio diversification requirements.

All of our investment professionals have access to our proprietary Fixed Income Research Database (FIRD), a real time data warehouse that allows our analysts to enter comments and credit ratings on specific issuers for comparison with the major rating agencies. FIRD also enables our professionals to monitor historical credit trends over time. Our credit ranking system is our assessment of the probability of rating agency actions with respect to issuers on our approved lists.

Credit Risk Management

BNY Mellon and its affiliates, including CIS and others involved in the management, sales, investment activities, business operations or distribution of investment strategies, are engaged in businesses and have interests other than that of managing client accounts or mutual funds (collectively, "clients"). These activities and interests include potential multiple advisory, transactional, financial and other interests in securities, instruments and companies that may be directly or indirectly purchased or sold by clients and the clients' service providers, which may cause conflicts that could disadvantage a client account.

BNY Mellon and its affiliates may have deposit, loan and commercial banking or other relationships with the issuers of securities purchased by a client. BNY Mellon has no obligation to provide to CIS or the client, or effect transactions on behalf of the client in accordance with, any market or other information, analysis, or research in its possession. Consequently, BNY Mellon (including, but not limited to, BNY Mellon's central Risk Management Department) may have information that could be material to the management of the client account and may not share that information with relevant personnel of CIS. Accordingly, CIS has informed management that in making investment decisions it does not obtain or use material inside information that BNY Mellon or its affiliates may possess with respect to such issuers.

CIS will make investment decisions for each client as it believes is in the best interests of the client. Investment decisions made for each client may differ from, and may conflict with, investment decisions made for other funds and accounts advised by CIS or BNY Mellon and its other affiliates. Actions taken with respect to such other funds or accounts may adversely impact each client, and actions taken by the client may benefit BNY Mellon or other funds or accounts (including the client) advised by CIS or BNY Mellon and its other affiliates. Regulatory restrictions (including, but not limited to, those related to the aggregation of positions among different other funds and accounts) and internal BNY Mellon policies,

guidance or limitations (including, but not limited to, those related to the aggregation of positions among all fiduciary accounts managed or advised by BNY Mellon and all its affiliates (including CIS) and the aggregated exposure of such accounts) may restrict investment activities of the client. While the allocation of investment opportunities among each client and funds and accounts advised by CIS or BNY Mellon and its other affiliates may raise potential conflicts because of financial, investment or other interests of BNY Mellon or its personnel, CIS will make allocation decisions consistent with the interests of the client and the other funds and accounts, and not based on the interests of BNY Mellon or its personnel.

Market Risk Management

Our investment and credit professionals also utilize input and guidance from BNY Mellon's central Risk Management Department (the "Risk Department") as part of our investment process. This input and guidance focuses primarily on concentration levels and market and credit risks, and is based upon independent analysis performed by the Risk Department relating to fundamental security characteristics, such as the sector, sovereign status, tenor, or rating of actual or potential investments. The Risk Department also may perform stress and scenario testing on portfolios we advise, and provide various periodic and ad-hoc reporting to our investment and credit professionals.

Strategies We Offer

The objective of our **Short Term Investment (STIF) Strategy** is to outperform the 3 Month Treasury Bill Index by investing in securities that emphasize principal protection, diversification and liquidity through a low risk short-term strategy. Portfolios generally invest in repurchase agreements, commercial paper, certificates of deposit, floating rate notes, corporate bonds, bank deposits, asset-backed securities, and instruments issued or fully guaranteed by the US Government, such as US Treasury and Agency securities. Individual security quality ranges from AAA to A and A1/P1.

The objective of our **Government Short Term Investment (Government STIF) Strategy** is to outperform the 3 Month Treasury Bill Index by investing in securities that emphasize principal protection and liquidity through a low risk short-term strategy. Portfolios generally invest in instruments issued or fully guaranteed by the US Government, such as US Treasury and Agency securities, and repurchase agreements collateralized only by US Treasury and Agency securities. Individual security quality ranges from AAA to AA and A1/P1 (and to A2/P2 for repurchase agreement counterparties).

The objective of our **Ultra Short Treasury Strategy** is to outperform the 1 Year Treasury Index through sector, structure, and security selection. Portfolios invest in US Treasury securities, and repurchase agreements collateralized only by US Treasury securities, with the objective of providing excess return over the benchmark on a risk-controlled basis. Individual security quality ranges from AAA to AA and A1/P1.

The objective of our **Ultra Short Government Strategy** is to outperform the 1 Year Government Index through sector, structure, and security selection. Portfolios invest in a diversified mix of US Government-only securities with the objective of providing excess return over the benchmark on a risk-controlled basis. The portfolios invest in instruments issued or fully guaranteed by the US Government, such as US Treasury and Agency securities, and repurchase agreements collateralized only by US Treasury and Agency securities. Individual security quality ranges from AAA to AA and A1/P1 (and to A2/P2 for

repurchase agreement counterparties).

The objective of our **Enhanced Short Term Investment (Super STIF) Strategy** is to outperform the 3 Month Treasury Bill Index or traditional cash portfolios through a low risk short-term strategy. Portfolios invest in securities with longer maturities than traditional money markets while still emphasizing liquidity and diversity. The portfolios generally invest in repurchase agreements, commercial paper, certificates of deposit, bank deposits, asset-backed securities, corporate notes, and instruments issued or fully guaranteed by the US Government, such as US Treasury and Agency securities. Individual security quality ranges from AAA to A (or BBB) and A1/P1.

The objective of our **Ultra Short Government/Credit Strategy** is to outperform the 1 Year Treasury Index through sector, structure, and security selection. Portfolios invest in a diversified mix of money market and longer-term securities in order to emphasize total return while still maintaining a moderate degree of liquidity. The portfolios generally invest in corporate bonds, mortgage-backed securities, asset-backed securities, money market instruments, and instruments issued or fully guaranteed by the US Government, such as US Treasury and Agency securities. Individual security quality ranges from AAA to BBB and A1/P1.

The objective of our **1-3 Year Treasury Strategy** is to outperform the 1-3 Year Treasury Index through sector, structure, and security selection. Portfolios invest in US Treasury securities and repurchase agreements collateralized only by US Treasury securities with the objective of providing excess return over the benchmark on a risk-controlled basis. Individual security quality ranges from AAA to AA and A1/P1.

The objective of our **1-5 Year Treasury Strategy** is to outperform the 1-5 Year Treasury Index through sector, structure, and security selection. Portfolios invest in US Treasury securities and repurchase agreements collateralized only by US Treasury securities with the objective of providing excess return over the benchmark on a risk-controlled basis. Individual security quality ranges from AAA to AA and A1/P1.

The objective of our **1-3 Year Government Strategy** is to outperform the 1-3 Year Government Index through structure and security selection. Portfolios invest in a diversified mix of US Government-only securities with the objective of providing excess return over the benchmark on a risk-controlled basis. The portfolios generally invest in instruments issued or fully guaranteed by the US Government, such as US Treasury and Agency securities, and repurchase agreements collateralized only by US Treasury and Agency securities. Individual security quality ranges from AAA to AA and A1/P1 (and to A2/P2 for repurchase agreement counterparties).

The objective of our **1-5 Year Government Strategy** is to outperform the 1-5 Year Government Index through sector, structure, and security selection. Portfolios invest in a diversified mix of US Government-only securities with the objective of providing excess return over the benchmark on a risk-controlled basis. The portfolios generally invest in instruments issued or fully guaranteed by the US Government, such as US Treasury and Agency securities, and repurchase agreements collateralized only by US Treasury and Agency securities. Individual security quality ranges from AAA to AA and A1/P1 (and to A2/P2 for repurchase agreement counterparties).

The objective of our **1-3 Year Government/Credit Strategy** composite is to outperform the 1-3 Year Government/Credit Index through sector, structure and security selection. Portfolios invest in a diversified mix of investment-grade fixed income securities and sectors with the objective of providing

excess return over the benchmark on a risk-controlled basis. The portfolios generally invest in corporate bonds, mortgage-backed securities, asset-backed securities, money market instruments, and instruments issued or fully guaranteed by the US Government, such as US Treasury and Agency securities. Individual security quality ranges from AAA to BBB and A1/P1.

The objective of our **1-3 Year Government/Credit (A Minimum Quality) Strategy** is to outperform the 1-3 Year Government/Credit (A or Better) Index through sector, structure and security selection. Portfolios invest in a diversified mix of investment-grade fixed income securities and sectors with the objective of providing excess return over the benchmark on a risk-controlled basis. Portfolios generally invest in corporate bonds, mortgage-backed securities, asset-backed securities, money market instruments, and instruments issued or fully guaranteed by the US Government, such as US Treasury and Agency securities. Individual security quality ranges from AAA to A and A1/P1.

The objective of our **1-5 Year Government/Credit Strategy** is to outperform the 1-5 Year Government/Credit Index through sector, structure and security selection. Portfolios invest in a diversified mix of investment-grade fixed income securities and sectors with the objective of providing excess return over the benchmark on a risk-controlled basis. The portfolios generally invest in corporate bonds, mortgage-backed securities, asset-backed securities, money market instruments, and instruments issued or fully guaranteed by the US Government, such as US Treasury and Agency securities. Individual security quality ranges from AAA to BBB and A1/P1.

Our **Fixed Income Index Strategies** seek to produce the return of the client-selected benchmark with commensurate risk and to realize the benefits of indexed management, such as predictable returns and modest tracking error in a low cost solution. CIS has the ability to manage to the following benchmarks: Aggregate, Government/Credit, Intermediate Government/Credit, Global, TIPs and Custom. We have the capability to customize a portfolio/benchmark to suit our clients' needs. We use a stratified sample to replicate key index characteristics such as sector, industry, quality, seasoning and yield curve exposures of the client selected benchmark.

Our **Stable Value Strategy** seeks preservation of principal and high current income through all interest rate environments; maintenance of daily book value liquidity for all plan participants; and performance, over time, that compares to intermediate bond fund returns while exceeding money market fund returns. To accomplish this, our stable value portfolios can invest in high quality debt instruments, such as asset-backed securities, mortgage-backed securities, commercial mortgage-backed securities and corporate bonds, as well as Guaranteed Investment Contracts ("GIC") from highly rated insurance companies.

A GIC is a fixed-income instrument that provides stipulated rates of return over specified periods of time. GICs are offered by large life insurance companies, are secured and backed by the assets of the issuing company and are typically accounted for at book value (cost plus accrued interest). Virtually all of the issuers offering contracts have confirmed assets in excess of \$1 billion.

A Synthetic GIC is an investment that combines a fixed income asset or a portfolio of actively or passively managed fixed income assets with a book value "wrap" contract that is intended to minimize the market volatility of the underlying asset(s). Synthetic GIC contracts are issued by large bank and insurance companies and provide a fixed rate of return over a stated period. This rate is reviewed and adjusted periodically to reflect the return of the underlying asset and/or portfolio. Individual fixed income assets generally consist of AAA-rated securities including agency mortgage-backed securities, commercial mortgage-backed securities, asset-backed securities and corporate securities. Portfolios of

assets utilize both indexed bonds, which usually track one or more components of a particular index (e.g. the Barclays Capital Index) and actively managed portfolios. Synthetic GICs are also typically accounted for at book value.

GICs and Synthetic GICs are negotiated and designed on the basis of funding constraints, yield requirements, creditworthiness of the issuer, and market interest rates.

Our approach features: a risk averse investment management style; a disciplined team structure to draw “best ideas” into the decision-making process; tailored investment guidelines based on client objectives; and use of broadly-based index funds to facilitate diversified sector exposures.

Risk is managed by constraining issuer exposure to help minimize issuer credit risk and increase diversification; managing duration at the product and portfolio levels to help limit overall convexity risk; and employing laddered liquidity and portfolio maturity structures to help minimize liquidity risk.

The benchmarks generally used for this strategy are the CIS "BofA ML Wrapped" 1-5 Year Corporate/Government Index and the US Treasuries Rolling 5-Year Index. The CIS "BofA ML Wrapped" 1-5 Year Corporate/Government Index does not reflect actual performance; performance has been adjusted to represent the assumed rate of return that would have been achieved if the BofA ML 1-5 Year Corporate/Government Index had been wrapped for book value returns. This index has been established and calculated by CIS, is not sponsored or licensed by BofA Merrill Lynch, and is not available for direct investment. It assumes a 12 basis point annual book value wrap fee from inception to June 30, 2004; 10 basis points from then until December 31, 2008; 15 basis points from then until December 31, 2011; and 20 basis points thereafter. These wrap fee assumptions are CIS' view of the industry's average during these points in time.

Stable Value Subadvisory Services

We also provide non-discretionary investment management services, on a subadvisory basis, for funds offered by leading financial institutions. We currently subadvise an array of stable value funds in the market, with clients that include banks, insurance companies and trust companies. Our full range of stable value subadvisory services includes:

- Fund design and development of a trust document, investment guidelines and client agreements.
- Proprietary credit and product research.
- Portfolio strategies and product design across all stable value product sectors.
- Ongoing liquidity management and market analysis.
- Complete trading facilities available as needed.
- Thorough contract review and execution coordination.

Material Risks

The table below and section that follows sets forth information concerning the material risks involved with each strategy. An “X” in the table indicates that the strategy involves the corresponding risk. An empty box indicates that the strategy does not involve the corresponding risk in a material way. **However, an empty box does not guarantee that the strategy will not be subject to the corresponding risk.**

Risk Type	STIF Strategies	Other Short Duration Strategies	Index Strategies	Stable Value Strategies
Asset-backed securities risk	X	X	X	X
Banking industry risk	X	X	X	X
Call risk	X	X	X	X
Counterparty risk	X	X	X	X
Country, industry, & market sector risk	X	X	X	
Country & sector allocation risk	X	X	X	
Credit risk	X	X	X	X
Credit risk (money-type funds)	X	X	X	X
Emerging market risk – fixed income		X	X	
Foreign government obligations & securities of supranational entities risk	X	X	X	
Foreign investment risk	X	X	X	
Government securities risk	X	X	X	X
Inflation-indexed security risk	X	X	X	
Interest rate risk	X	X	X	X
Investment strategy risk	X	X	X	X
Issuer risk	X	X	X	X
Issuer & market risk	X	X	X	X
Liquidity risk	X	X	X	X
Market & credit risk	X	X	X	X
Market risk	X	X	X	X
Market sector risk	X	X	X	
Non-diversification risk	X	X	X	
Prepayment & extension risk	X	X	X	X
US Treasury securities risk	X	X	X	X

Descriptions of Investment Risks

- **General risks.** Investing in securities involves risk of loss that you should be prepared to bear. We do not guarantee or represent that our investment program will be successful. Our past results are not necessarily indicative of our future performance and our investment results may vary over time. We cannot assure you that our investments of your money will be profitable, and in fact, you could incur substantial losses. Your investments with us are not a bank deposit and are not insured or guaranteed by the FDIC or any other government agency.
- **Asset-backed securities risk.** General downturns in the economy could cause the value of asset-backed securities to fall. In addition, asset-backed securities present certain risks that are not presented by mortgage-backed securities. Primarily, these securities may provide the strategy with a less effective security interest in the related collateral than do mortgage-backed securities. Therefore, there is the possibility that recoveries on the underlying collateral may not, in some cases, be available to support payments on these securities.
- **Banking industry risk.** The risks generally associated with concentrating investments in the banking industry, such as interest rate risk, credit risk, and regulatory developments relating to the banking industry.
- **Call risk.** Some bonds give the issuer the option to call, or redeem, the bonds before their maturity date. If an issuer “calls” its bond during a time of declining interest rates, the strategy might have to reinvest the proceeds in an investment offering a lower yield, and therefore might not benefit from any increase in value as a result of declining interest rates. During periods of market illiquidity or rising interest rates, prices of “callable” issues are subject to increased price fluctuation.
- **Counterparty risk.** The risk that counterparties in a repurchase agreement could fail to honor the terms of its agreement.
- **Country and sector allocation risk.** While the portfolio managers use the country and sector weightings of the strategy’s benchmark index as a guide in structuring the strategy’s portfolio, they may overweight or underweight certain countries or sectors relative to the index. This may cause the strategy’s performance to be more or less sensitive to developments affecting those countries or sectors.
- **Credit risk.** Failure of an issuer to make timely interest or principal payments, or a decline or perception of a decline in the credit quality of a bond, can cause a bond’s price to fall. Although the strategy invests primarily in investment grade bonds, the strategy may invest to a limited extent in high yield bonds. High yield (“junk”) bonds involve greater credit risk, including the risk of default, than investment grade bonds, and are considered predominantly speculative with respect to the issuer’s ability to make principal and interest payments. The prices of high yield bonds can fall dramatically in response to bad news about the issuer or its industry, or the economy in general.
- **Credit risk (Money-Type Funds).** Failure of an issuer to make timely interest or principal payments, or a decline or perception of a decline in the credit quality of a security, can cause the security’s price to fall, potentially lowering the value of your investment. Although the strategy invests only in high-quality debt securities, any of the strategy’s holdings could have its credit rating downgraded or could default. The credit quality of the securities held by the strategy can change rapidly in certain market environments, and the default of a single holding could have the potential to cause significant deterioration of the value of your investment.
- **Emerging market risk – fixed income.** The securities of issuers located in emerging markets tend to be more volatile and less liquid than securities of issuers located in the markets of more mature

economies, and generally have less diverse and less mature economic structures and less stable political systems than those of developed countries. The fixed income securities of issuers located in emerging markets can be more volatile and less liquid than those of issuers in more mature economies. In addition, such securities often are considered to be below investment grade credit quality and predominantly speculative.

- **Foreign government obligations and securities of supranational entities risk.** Investing in the sovereign debt of emerging market countries creates exposure to the direct or indirect consequences of political, social or economic changes in the countries that issue the securities or in which the issuers are located. The ability and willingness of sovereign obligors in emerging market countries or the governmental authorities that control repayment of their debt to pay principal and interest on such debt when due may depend on general economic and political conditions within the relevant country. Certain countries in which the strategy may invest have historically experienced, and may continue to experience, high rates of inflation, high interest rates and extreme poverty and unemployment. Some of these countries also characterized by political uncertainty or instability. Additional factors which may influence the ability or willingness to service debt include a country's cash flow situation, the availability of sufficient foreign exchange on the date a payment is due, the relative size of its debt service burden to the economy as a whole and its government's policy towards the International Monetary Fund, the International Bank for Reconstruction and Development and other international agencies. The ability of a foreign sovereign obligor to make timely payments on its external debt obligations also will be strongly influenced by the obligor's balance of payments, including export performance, its access to international credits and investments, fluctuations in interest rates and the extent of its foreign reserves. A governmental obligor may default on its obligations. Some sovereign obligors in emerging market countries have been among the world's largest debtors to commercial banks, other governments, international financial organizations and other financial institutions. These obligors, in the past, have experienced substantial difficulties in servicing their external debt obligations, which led to defaults on certain obligations and the restructuring of certain indebtedness.
- **Foreign investment risk.** Special risks associated with investments in foreign companies include exposure to currency fluctuations, less liquidity, less developed or less efficient trading markets, lack of comprehensive company information, political instability and differing auditing and legal standards. The ability of a foreign sovereign obligor to make timely payments on its external debt obligations will be strongly influenced by the obligor's balance of payments, including export performance, its access to international credits and investments, fluctuations in interest rates and the extent of its foreign reserves. A governmental obligor may default on its obligations. The securities of issuers located in emerging markets can be more volatile and less liquid than those of issuers in more mature economies.
- **Government securities risk.** Not all obligations of the US government, its agencies and instrumentalities are backed by the full faith and credit of the US Treasury. Some obligations are backed only by the credit of the issuing agency or instrumentality, and in some cases there may be some risk of default by the issuer. Any guarantee by the US government or its agencies or instrumentalities of a security held by the strategy does not apply to the market value of such security. A security backed by the US Treasury or the full faith and credit of the United States is guaranteed only as to the timely payment of interest and principal when held to maturity. In addition, because many types of US government securities trade actively outside the United States, their prices may rise and fall as changes in global economic conditions affect the demand for these securities.
- **Indexing strategy risk.** The strategy uses an indexing strategy. It does not attempt to manage market volatility, use defensive strategies or reduce the effects of any long-term periods of poor index performance. The correlation between strategy and index performance may be affected by the

strategy's expenses and use of sampling techniques, changes in securities markets, changes in the composition of the index and the timing of purchases and sales.

- **Inflation-indexed security risk.** Interest payments on inflation-indexed securities can be unpredictable and will vary as the principal and/or interest is periodically adjusted based on the rate of inflation. If the index measuring inflation falls, the interest payable on these securities will be reduced. The US Treasury has guaranteed that in the event of a drop in prices, it would repay the par amount of its inflation-indexed securities. Inflation-indexed securities issued by corporations generally do not guarantee repayment of principal. Any increase in the principal amount of an inflation-indexed security will be considered taxable ordinary income, even though investors do not receive their principal until maturity. As a result, the strategy may be required to make annual distributions that exceed the cash the strategy received, which may cause the strategy to liquidate certain investments when it is not advantageous to do so. Also, if the principal value of an inflation-indexed security is adjusted downward due to deflation, amounts previously distributed may be characterized in some circumstances as a return of capital.
- **Interest rate risk.** Prices of bonds, including mortgage-related and other debt securities, tend to move inversely with changes in interest rates. Typically, a rise in rates will adversely affect bond prices and, accordingly, the value of your account. The longer the effective maturity and duration of the strategy's portfolio, the more the value of your investment is likely to react to interest rates. Mortgage-related securities can have a different interest rate sensitivity than other bonds, however, because of prepayments and other factors. Ginnie Maes carry additional risks and may be more volatile than other types of debt securities due to unexpected changes in interest rates. The longer the effective maturity and duration of the strategy's portfolio, the more the value of your investment is likely to react to interest rates.
- **Investment strategy risk.** The strategy's sustainability investment criteria may limit the number of investment opportunities available to the strategy, and, as a result, at times the strategy's returns may be lower than those of strategies that are not subject to such special investment considerations.
- **Issuer risk.** The value of a security may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's products or services.
- **Issuer and market risk.** Changes in economic, business or political conditions relating to a particular municipal project, municipality, or state in which the strategy invests may have an impact on the value of your investment.
- **Liquidity risk.** When there is little or no active trading market for specific types of securities, it can become more difficult to sell the securities at or near their perceived value. In such a market, the value of such securities and the value of your investment may fall dramatically, even during periods of declining interest rates. Liquidity risk also exists when a particular derivative instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price. The secondary market for certain municipal bonds tends to be less well developed or liquid than many other securities markets, which may adversely affect the strategy's ability to sell such municipal bonds at attractive prices.
- **Market and credit risk.** Ginnie Maes and other securities backed by the full faith and credit of the United States are guaranteed only as to the timely payment of interest and principal when held to maturity. The market prices for such securities are not guaranteed and will fluctuate. Privately issued mortgage-related securities also are subject to credit risks associated with the underlying mortgage

properties. These securities may be more volatile and less liquid than more traditional, government-backed debt securities.

- **Market risk.** The market value of a security may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. A security's market value also may decline because of factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry.
- **Market sector risk.** The strategy may significantly overweight or underweight certain companies, industries or market sectors, which may cause the strategy's performance to be more or less sensitive to developments affecting those companies, industries or sectors.
- **Non-diversification risk.** The strategy is non-diversified, which means that the strategy may invest a relatively high percentage of its assets in a limited number of issuers. Therefore, the strategy's performance may be more vulnerable to changes in the market value of a single issuer or group of issuers and more susceptible to risks associated with a single economic, political or regulatory occurrence than a diversified strategy.
- **Prepayment and extension risk.** When interest rates fall, the principal on mortgage-backed and certain asset-backed securities may be prepaid. The loss of higher yielding underlying mortgages and the reinvestment of proceeds at lower interest rates can reduce the strategy's potential price gain in response to falling interest rates and reduce the value of your investment. When interest rates rise, the effective duration of the strategy's mortgage-related and other asset-backed securities may lengthen due to a drop in prepayments of the underlying mortgages or other assets. This is known as extension risk and would increase the strategy's sensitivity to rising interest rates and its potential for price declines.
- **US Treasury securities risk.** A security backed by the US Treasury or the full faith and credit of the United States is guaranteed only as to the timely payment of interest and principal when held to maturity, but the market prices for such securities are not guaranteed and will fluctuate. Because US Treasury securities trade actively outside the United States, their prices may rise and fall as changes in global economic conditions affect the demand for these securities.

Item 9. Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of firm or the integrity of the firm's management in this item.

On September 7, 2006, the Securities and Exchange Commission (the "Commission") issued an Order Instituting Administrative and Cease and Desist Proceedings, Making Findings and Imposing Remedial Sanctions and a Cease and Desist Order Pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 in the matter of The Dreyfus Corporation. The Commission found that Dreyfus received more than \$2.9 million in excess advisory fees as a result of charging improper performance based fees to two funds. In settlement of the proceedings, Dreyfus consented to the entry of the order, without admitting or denying the findings therein. Among other things, the order imposed a censure and required Dreyfus to cease and desist from committing or causing violations and any future violations of

Section 205(a) of the Advisers Act. Prior to settlement, Dreyfus repaid the funds \$3.3 million, including interest.

Dreyfus is not a defendant in any of the complaints or actions described in the following paragraph.

Several State Attorney General's Offices, the U.S. Attorney's Office for the Southern District of New York and certain individual plaintiffs have filed civil complaints against The Bank of New York Mellon Corporation ("BNY Mellon"), the parent company of Dreyfus. Certain of these complaints supersede complaints that had been filed by a purported whistleblower under state false claims act statutes. In addition, the Massachusetts Securities Division has filed an administrative complaint against BNY Mellon. These actions allege that BNY Mellon improperly charged and reported prices for standing instruction foreign exchange ("FX") transactions executed in connection with custody services provided by BNY Mellon. BNY Mellon believes that the claims asserted in the actions are without merit, and reflect a fundamental misunderstanding of the role of custodian banks and the operation of institutional FX markets. BNY Mellon plans to defend itself vigorously on behalf of its shareholders.

Item 10. Other Financial Industry Activities and Affiliations

Certain of our employees are also officers or registered representatives of MBSC Securities Corporation, an affiliated broker-dealer registered under the Securities and Exchange Act of 1934, and a member of FINRA.

BNY Mellon is a Global Financial Services Company:

BNY Mellon is a global financial services company providing a comprehensive array of financial services (including asset management, wealth management, asset servicing, clearing and execution services, issuer services and treasury services) through a world-wide client focused team that enables institutions and individuals to manage and service their financial assets. BNY Mellon Asset Management is the umbrella designation for BNY Mellon's affiliated investment management firms and global distribution companies and is responsible, through various subsidiaries, for US and non-US retail, intermediary and institutional distribution of investment management and related services.

We may enter into transactions with unaffiliated counterparties or third party service providers who then use affiliates of the firm to execute such transactions. These services may include, for example, clearance of trades, purchases or sales of ADRs, or other transactions not contemplated by us. Although one of our affiliates may receive compensation for engaging in these transactions, the decision to use or not use an affiliate of ours is made by the unaffiliated counterparty or third party service provider. Further, we will likely be unaware that the affiliate is being used to enter into such transaction.

BNY Mellon and/or its other affiliates may gather data from us about our investment activities, including information about holdings within client portfolios, which is required for regulatory filings to be made by us or BNY Mellon or other affiliates (e.g., reporting beneficial ownership of equity securities) or for other compliance, legal or risk management purposes, pursuant to policies and procedures of the firm, BNY Mellon or other affiliates. This data is deemed confidential and procedures are followed to ensure that any information is utilized solely for the purposes intended.

BNY Mellon Referral Incentive Compensation Plan

BNY Mellon has adopted an incentive compensation program (“Program”) designed to reward internal referrals of business opportunities, and:

- 1) Help clients understand and gain access to the full range of products and services offered by BNY Mellon and its subsidiaries; and
- 2) Expand and develop client relationships.

The Program promotes BNY Mellon’s corporate values of Client Focus, Trust, Teamwork and Outperformance by encouraging the cross-selling of BNY Mellon’s broad array of services and products throughout the organization to better meet a current or prospective client’s full range of needs for financial products and services, and to expand customer relationships. The Program seeks to financially reward (via bonus or referral fee) eligible employees who offer a business lead that results in a sale of certain affiliated products or services to existing clients and prospects. These bonuses and referral fees may be paid to us and our employees for referring business (services or products) to our affiliates, and our affiliates and their employees may receive bonuses and referral fees for referring business to us. The bonuses and referral fees may be based on the number of referrals made and/or the revenue generated by the referral. Certain types of regulated entities, employees and referrals may be ineligible for the Program or subject to restrictions under applicable law or internal procedures governing the earning of such rewards. These referral fees and bonuses may create conflicts of interest for us and our employees because we have an incentive to encourage our clients to engage in transactions with our affiliates, based on the compensation that we will receive for these referrals, rather than our clients’ needs.

Affiliated Placement Agents

We have an affiliated “placement agent,” MBSC Securities Corporation, who solicits persons to invest in our separate account products and may also provide other administrative services. As indicated in Item 5, above, we have entered into an agreement with MBSC to pay MBSC fees for such solicitations and services. We are solely responsible for the payment of these fees - they will not be borne by our clients. We pay these fees out of our profits, and these payments do not increase the fees paid by our clients. These financial incentives may cause our placement agent and its employees and/or salespersons to steer investors toward those products that will generate higher commissions and fees. Please also see Item 14 for more information on the compensation arrangements related to client referrals.

Affiliated Service Providers

In addition, to the extent permitted by law, placement agents and their respective affiliates may provide brokerage and certain other financial and securities services to us, our affiliates or related private funds. Such services, if any, will be provided at competitive rates. BNY Mellon is also affiliated with service providers, distributors and consultants that may provide services and may receive fees from BNY Mellon in connection with such services, which may incentivize such persons to distribute interests in a private fund or other BNY Mellon products.

Dual Officers and Employees

As indicated in Items 4 and 5, above, certain of our employees act as officers of The Bank of New York Mellon (“Bank”), an affiliated New York chartered bank, for the purpose of performing investment management and related functions. In their capacities as officers of the Bank, these firm personnel

provide discretionary investment advisory services to certain clients and also to certain collective investment funds of the Bank and we receive a fee for such services.

Affiliated Broker-Dealers and Investment Advisers

We are affiliated with a significant number of advisers and broker/dealers. Please see Form ADV, Part I - Schedule D, Section 7.A for a list of our affiliated advisers and broker-dealers. Where we select the broker to effect purchases or sales of securities for client accounts, we select only unaffiliated brokers. We have broker selection policies in place that require our selection of a broker-dealer to be consistent with our duty to seek best execution, and subject to any client and regulatory proscriptions. Please see Item 12 for more information on our broker selection process.

Certain unaffiliated brokers/dealers we use to execute trades for our clients may use a broker/dealer affiliated with us to clear those trades. In such cases, the clearing broker receives a clearance fee negotiated and paid by the executing broker/dealer. The decision to use an affiliate of ours in these circumstances is made by the unaffiliated executing broker/dealer, and we have no influence over whether a broker/dealer we select to execute client trades clears through one of our affiliates, or the financial arrangement between them. In addition, we are often unaware that the executing broker/dealer has chosen to use one of our affiliates to clear such trades.

In addition, Dreyfus has entered into an agreement with BNY Mellon Asset Management (UK) Limited ("BNYMAM"), an asset management affiliate, pursuant to which BNYMAM is considered a participating affiliate and certain of its employees have been deemed associated persons of Dreyfus. Subject to Dreyfus' supervision, these associated persons may provide portfolio management, research and trading services in connection with Dreyfus' management of certain client accounts. BNYMAM will act in accordance with the series of SEC no-action letters requiring BNYMAM, as a participating affiliate, to be subject to the supervision of Dreyfus and the SEC in the manner contemplated by such letters. BNYMAM has agreed to submit to the jurisdiction of U.S. courts for actions arising under the U.S. securities laws in connection with its investment advisory activities provided for Dreyfus' US clients, and has appointed an appropriate agent for service of process, in each case in accordance with, and subject to the requirements of, the no-action letters. Under its agreement with BNYMAM, Dreyfus pays compensation to BNYMAM for the services provided by the BNYMAM employees who are associated persons of Dreyfus.

Certain employees of The Bank of New York Mellon's London branch are also associated persons of Dreyfus. Pursuant to an agreement between The Bank of New York Mellon and Dreyfus, and subject to Dreyfus' supervision, these associated persons may provide portfolio management, research and trading services in connection with Dreyfus' management of one or more client accounts. Under its agreement with The Bank of New York Mellon, Dreyfus pays compensation to The Bank of New York Mellon for the services of these associated persons.

In addition, Dreyfus has entered into an agreement with BNY Mellon Asset Management International Limited ("BNY AMI"), an affiliated distributor, pursuant to which AMI receives or may receive a portion of Dreyfus' investment management fee with respect to certain non-US clients of Dreyfus in return for origination, sales and marketing and other distribution-related services.

Affiliated Underwriters

Our broker-dealer affiliates occasionally act as underwriter or as a member of the underwriting syndicate for certain new issue securities, which may create an incentive for us to purchase these new issue securities, in an effort to provide additional fees to the broker-dealer affiliate.

BNY Mellon has established a policy regarding purchases of securities in an offering in which an affiliate acts as an underwriter or as a member of the underwriting syndicate. In compliance with applicable banking, securities and ERISA regulations, we may purchase on behalf of our clients securities in an offering in which an affiliate is acting as an underwriter or as a member of the underwriting syndicate during the syndication period, so long as the requirements of the policy, including written approval and compliance with certain investment criteria are met. The policy prohibits direct purchases from an affiliate for any fiduciary account under any circumstances.

Other Relationships

In addition, BNY Mellon personnel, including certain of our employees, may have board, advisory, or other relationships with issuers, distributors, consultants and others that may have investments in a private fund and/or related funds or that may recommend investments in a private fund or distribute interests in a private fund. To the extent permitted by applicable law, BNY Mellon and its affiliates, including us and our personnel, may make charitable contributions to institutions, including those that have relationships with investors or personnel of investors. As a result of the relationships and arrangements described in this paragraph, placement agents, consultants, distributors and other parties may have conflicts associated with their promotion of a private fund, or other dealings with a private fund, that create incentives for them to promote a private fund.

Some of our clients may retain consulting firms to assist them in selecting investment managers. Some consulting firms provide services to both those who hire investment managers and to investment management firms. We may pay to attend conferences sponsored by consulting firms and/or purchase services from consulting firms where we believe those services will be useful to us in operating our investment management business. We do not pay referral fees to consultants. However, our clients and prospective clients should be aware that consulting firms might have business relationships with investment management firms that they recommend to their clients.

BNY Mellon engages in trust and investment business through the Bank. The Bank may provide certain services to us, such as recordkeeping, accounting, and marketing services and referrals of clients. We may provide the Bank with sales and marketing materials regarding our investment management services that may be distributed under the name of certain marketing “umbrella designations” such as BNY Mellon, BNY Mellon Wealth Management, BNY MAM, and BNY AMI. We may provide certain investment advice and/or security valuation services to the Bank. We also provide certain investment advisory and trading services to certain of the Bank’s clients and separately managed accounts (including, separately managed accounts for which the Bank acts as trustee, custodian or investment manager). We are the non-discretionary adviser and provide investment advisory services for certain collective investment funds of the Bank in which our primarily institutional and employee benefit clients and our affiliates may invest. In addition, as noted above, certain of our employees are also officers of the Bank. In their capacity as officers of the Bank, our personnel provide discretionary investment advisory services to certain clients and also to certain collective investment and common trust funds of the Bank and we receive a fee for such services.

Certain clients may have established custodial or sub-custodial arrangements with the Bank and other financial institutions that are affiliated with us. Furthermore, the Bank and other financial institutions that are affiliated with us may provide services (such as trustee, custodial or administrative services) to issuers of securities. Because of their affiliation with us, our ability to purchase securities of such issuers and to take advantage of certain market opportunities may be subject to certain restrictions and in some cases, prohibited.

BNY Mellon is frequently engaged to serve as trustee, indenture trustee, custodian, paying agent or other similar capacities for the issuers of corporate bonds and other fixed income securities, including asset-backed and/or mortgage-backed securities. Because the receipt of compensation for such services by its affiliate may be affected by the success and/or size of a primary offering of such securities, we may be prohibited from purchasing such securities in the primary offering for its ERISA clients in order to avoid a violation of ERISA's prohibited transaction rules. We, through our parent company, have received an exemption from the U.S. Department of Labor in order to provide relief from these restrictions for our ERISA clients.

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

We have adopted a Code of Ethics that is made up of two parts:

- 1) BNY Mellon Code of Conduct and Interpretive Guidance (the "BNY Mellon Code"); and
- 2) BNY Mellon Personal Securities Trading Policy (the "PSTP").

The BNY Mellon Code provides to employees the framework and sets the expectations for business conduct. In addition, it clarifies our responsibilities to clients, suppliers, government officials, competitors and the communities we serve and outlines important legal and ethical issues:

- 1) Conflicts of Interest: gifts, entertainment and other payments; personal conflicts of interest; fiduciary appointments and bequests; outside affiliations, outside employment and certain outside compensation issues; and disclosure of relationships and transactions;
- 2) Proper Use and Care of Information and Proper Recordkeeping: proprietary information and intellectual property; data integrity and corporate information; use of e-mail and internet; accurate accounting and internal controls; use of non-public or "inside" information; talking to the media; and document retention;
- 3) Dealing with Customers, Prospects, Suppliers, and Competitors: business relationships with customers, prospects, suppliers, and competitors; business decisions; exploitation of relationships and use of the company's name, letterhead or facilities; knowing your customer; and recognizing and reporting illegal, suspicious, or unusual activities;
- 4) Doing Business With the Government: complying with government contracts, government contracting laws and regulations; integrity in the sales and marketing process; truthful, accurate statements and recordkeeping; safeguarding government information and property; cooperating with

government audits and investigations; and meeting employment and labor obligations;

- 5) Personal Finances: personal investments; personal brokerage accounts; political campaign contributions; contributions to not-for-profit entities; and individual employees' regulatory requirements; and
- 6) Compliance with the Law: among other matters illegal or criminal activities; investigations; and protection of company assets.

The PSTP is designed to reinforce our reputation for integrity by avoiding even the appearance of impropriety and to ensure compliance with applicable laws in the conduct of our business. The PSTP sets forth procedures and limitations that govern the personal securities transactions of our employees in accounts held in their own names as well as accounts in which they have indirect ownership. We, and our related persons and employees, may, under certain circumstances and consistent with the PSTP, purchase or sell for their own accounts securities that we also recommend to clients.

The PSTP imposes different requirements and limitations on employees based on the nature of their business activities for the Firm. Each of our employees is classified as one of the following:

- 1) Investment Employee ("IE"): IEs are employees who, as part of their responsibilities, have access to nonpublic information regarding any advisory client's purchase or sale of securities or nonpublic information regarding the portfolio holdings of any Proprietary Account, or are involved in making securities recommendations to advisory clients or have access to such recommendations before they are public.
- 2) Access Decision Maker ("ADM"): ADMs (generally portfolio managers and research analysts who make recommendations or decisions regarding the purchase or sale of equity, convertible debt and non-investment grade debt securities for mutual funds and other managed accounts) are subject to the most extensive procedures under the PSTP.
- 3) Other Employee ("OE"): Our employees are considered OEs if they are not an IE or ADM.

PSTP Overview:

- 1) IEs and ADMs are subject to preclearance and personal securities reporting requirements, with respect to discretionary accounts in which they have direct or indirect ownership;
- 2) Transaction reporting is not required for non-discretionary accounts, transactions in exempt securities or certain other transactions that are not deemed to present any potential conflicts of interest;
- 3) Preclearance is not required for transactions involving certain exempt securities (such as open-end investment company securities that are not Proprietary Funds or money market funds and short-term instruments, non-financial commodities; transactions in non-discretionary accounts (approved accounts over which the employee has no direct or indirect influence or control over the investment decision-making process); transactions done pursuant to automatic investment plans; and certain other transactions detailed in the PSTP which are either involuntary or deemed not to present any potential conflict of interest;

- 4) We have a “Peclearance Compliance Officer” who maintains a “restricted list” of companies whose securities are subject to trading restrictions. This list is used by the Peclearance Compliance Officer to determine whether or not to grant trading authorization;
- 5) The acquisition of any securities in a private placement requires prior written approvals;
- 6) With respect to transactions involving BNYMC securities, all employees are also prohibited from engaging in short sales, purchases on margin, option transactions (other than employee option plans), and short-term trading (*i.e.*, purchasing and selling, or selling and purchasing BNYMC securities within any 60 calendar day period);
- 7) With respect to non-BNYMC securities purchasing and selling, or selling and purchasing the same or equivalent security within 60 calendar days is discouraged, and any profits must be disgorged; and
- 8) No covered employee should knowingly participate in or facilitate late trading, market timing or any other activity with respect to any fund in violation of applicable law or the provisions of such fund’s disclosure documents.

A copy of our Code of Ethics will be provided upon request.

Interest in Client Transactions:

Note that while each of the following types of transactions present conflicts of interest for us, as described below, we manage our accounts consistent with applicable law, and we follow procedures that are reasonably designed to treat our clients fairly and to prevent any client or group of clients from being systematically favored or disadvantaged.

“Principal transactions” are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys any security from or sells any security to any client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated pooled investment vehicle and another client account (“cross transaction”). We do not engage in principal transactions or in cross transactions.

It is our policy that neither we nor any of our officers or directors shall, as principal, buy securities for itself from or sell securities it owns to any client. However, we are part of a large diversified financial organization, which includes banks and broker-dealers. As a result, it is possible that a related person other than our officers and directors, may, as principal, purchase securities from, or sell securities to our clients.

Item 12. Brokerage Practices

Overview

Our trading desks have general authority to select brokers and dealers, and the spreads or commission rates to be paid, when executing trades on behalf of our clients’ accounts. Debt securities are generally

purchased and sold on a net basis (*i.e.*, without a commission) through dealers acting for their own account, rather than as brokers, or otherwise directly with the issuer or underwriter of the instrument. This means that a dealer makes a market for such securities by offering to buy at one price and sell at a higher price. The difference between these “bid” and “ask” prices is known as the “spread.” Other portfolio transactions, such as those involving exchange-traded futures, may be executed through brokers acting as agent. When executing transactions in the over-the-counter market (*i.e.*, with dealers), we will typically deal with the primary market makers in that security, unless a more favorable price or execution is otherwise obtainable from a different dealer or dealers. As described below, we use our best efforts to obtain execution of portfolio transactions at prices that are advantageous to the participating account(s), and at spreads or commission rates that are reasonable in relation to the benefits received.

Counterparty Selection, Trade Aggregation, and Trade Allocation

Our trading desks allocate brokerage transactions using their best judgment, and in a manner that we believe results in a fair and equitable outcome, pursuant to our trade allocation policy. In general, we select brokers or dealers involved in executing portfolio transactions on the basis of their professional capability and the value and quality of their services. In choosing brokers or dealers for specific transactions, our trading desks evaluate the ability of the broker or dealer to execute the transaction at the best combination of price and execution quality. Our evaluations are based on a variety of factors, which may include, but are not necessarily limited to, price; liquidity; the nature and character of the relevant market for the security to be purchased or sold; the quality and efficiency of the broker’s or dealer’s execution; the broker’s or dealer’s willingness to commit capital; the reliability of the broker or dealer with respect to trade settlement and clearance; the level of counterparty risk associated with the transaction; the applicable spread or commission; the value of research provided; the availability of electronic trade entry and reporting links; and the size and type of the order. In selecting brokers or dealers, no single factor is necessarily of primary importance, though, at various times and for various reasons, certain factors may be more important than others in determining which broker or dealer we select. However, seeking to obtain best execution always takes precedence over all other considerations.

Investment decisions for each portfolio are made independently from those of the other accounts we manage. Orders will generally be processed and executed on a first-in, first-out basis, in the order received by the trading desk. If, however, multiple accounts contemporaneously desire to purchase or sell the same security, we may aggregate (or “bunch”) such concurrent orders when we believe that this will result in more favorable execution, and will allocate the aggregated result across the participating accounts in a fair and equitable manner, reflecting the pre-trade appetite determined for each participating account. If a bunched order is partially filled, the order must be allocated, absent a permitted exception specified by our trade allocation policy, among the accounts included on the trade ticket on a pro-rata basis in proportion to the originally intended allocation. In certain cases, a security with equivalent sector, quality, maturity, duration, risk, and yield characteristics may be substituted in lieu of a pro-rata allocation. In cases where transactions are aggregated, but it is not possible for us to obtain the same price or execution on the entire volume of securities purchased or sold, we may average the various prices involved, and associate to each participating account the resulting average price. All of our client accounts may participate in bunched trades to the extent that doing so is consistent with their investment policies, guidelines and restrictions. New issues follow the same allocation and aggregation policies and procedures described elsewhere in this section.

From time to time, we may aggregate our clients’ trades with trades for clients of a) BNY Mellon Asset Management (UK) Limited (our affiliate who employs certain persons who are also associated persons of

Dreyfus); b) The Bank of New York Mellon's London branch (our affiliate who employs certain persons who are also associated persons of Dreyfus); or c) The Bank of New York Mellon ("Bank") with respect to clients invested in bank collective funds that are managed by our employees in their dual capacity as officers of the Bank.

Soft Dollars

The term "soft dollars" is commonly understood to refer to arrangements where an investment adviser uses client brokerage commissions to pay for research or other services used by the investment adviser. Section 28(e) of the Securities Exchange Act of 1934 provides a "safe harbor" that permits investment advisers to enter into soft dollar arrangements if the investment adviser determines in good faith that the amount of the commission is reasonable in relation to the value of the brokerage and research services provided.

As a matter of policy, we do not utilize "soft dollar" arrangements, but do receive research of the type that is customarily provided by brokers or dealers to their institutional customers, which may be useful to us in serving the accounts that we advise. Although our receipt of such research services does not reduce our normal independent research activities, it may enable us to avoid the additional expenses that we might otherwise incur if we were to attempt to independently develop comparable information.

Other Brokerage Practices and Potential Conflicts

We do not direct securities transactions to any broker-dealer in exchange for referral of investment management clients, nor do we execute trades with affiliated brokers or dealers.

We may accept direction from a client to place trades for a client's account with a particular broker-dealer. At times, a client may instruct us to direct a portion of its commissions or trading volume to a specified broker-dealer. In the event that such direction occurs, we may have limited capability to negotiate commission levels or spreads or obtain volume discounts. In addition, in meeting the client's brokerage directive, we may not be able to aggregate these transactions with transactions we effects for other accounts we manage and we may delay placing the orders for directed accounts until our orders for other accounts have been completed. As a result, the net price paid or received by the directed account may be different than the price paid or received by our other accounts. Directing brokerage may cost clients more money.

We may be prohibited or limited from effecting transactions for you because of rules in the marketplace, foreign laws or our own policies and procedures. In certain cases, we may face further limitations because of aggregation issues due to our relationship with affiliated investment management firms.

Item 13. Review of Accounts**Short Duration and Index Accounts**

The Short Duration and Index accounts we manage are under our continuing supervision. Each such client is assigned to two or more investment professionals who manage the portfolio as a team. Each account is assigned a primary portfolio manager, with other team members acting as backup or alternate portfolio manager(s). Prior to implementation of a client's mandate, we reach an understanding with the

client regarding appropriate guidelines and objectives for the portfolio. At the time that the initial contribution is made by the client, the portfolio manager conducts a formal review of the account, and an appropriate investment policy and strategy are determined in light of the guidelines and objectives of the client and our long-term investment outlook. Following the initial review, the primary (or in their absence, the alternate) portfolio manager has daily responsibility for the account. At least once each year, we conduct a formal review, including a reexamination of the guidelines and objectives for ongoing appropriateness. From time to time, as deemed appropriate by the portfolio manager, special reviews may be conducted to consider the effects of unusual economic, political, or other macro-economic developments. Overall supervision of our Short Duration and Index strategies is provided by Dawn Guffey, Chief Investment Officer, Short Duration and Index Strategies.

Stable Value Accounts

The Stable Value accounts we manage are likewise under our continuing supervision. Reviews are conducted on two separate levels – by the Stable Value Investment Management Group and at portfolio managers' meetings. Investment Management Group meetings are held weekly, where the members of the group discuss general economic conditions, the state of the credit markets and general administrative matters relating to client service. During that same meeting, the group reviews each account to determine individual portfolio requirements, liquidity requirements and trading orders for the week.

Portfolio managers draw up investment plans for each of their accounts based on current cash, anticipated liquidity requirements and client objectives and guidelines. The portfolio managers meet periodically to discuss these investments, which are reviewed and approved by the entire Stable Value Portfolio Management Team. Overall supervision of our Stable Value strategies is provided by Eric W. Baumhoff, Chief Investment Officer, Stable Value Strategies.

Reporting to Clients

Clients receive written reports which include asset lists, performance and transaction updates which are provided to clients monthly. These statements may describe assets held, quantity and market price for each position and the book value of the account. Additional supplementary information and reports may be prepared for clients, highlighting characteristics such as duration, sector weightings, etc. Upon request, clients may also have on-line access to their portfolio information.

Item 14. Client Referrals and Other Compensation

Unaffiliated Solicitors and Placement Agents

We may hire third parties to solicit new investment advisory clients, or additional business from existing clients. The commissions or fees, if any, payable to such solicitors (also referred to as placement agents) with respect to such solicitation will be paid solely by us. Clients will not pay fees for these solicitations. These solicitors have an incentive for the client to hire us because we will pay the solicitor for the referral. Further, some solicitors may be retained to provide additional administrative and/or client service functions in connection with such client accounts. The prospect of receiving solicitation/placement or other fees may provide such placement agents and/or their salespersons with an incentive to favor these sales over the sale of interests of other investments with respect to which the placement agent does not receive such compensation, or receives lower levels of compensation. In addition, to the extent permitted

by law, certain placement agents and their respective affiliates may provide brokerage and certain other financial and securities services to us or our affiliates. Such services, if any, will be provided at competitive rates.

Affiliated Solicitors and Placement Agents

We may pay referral fees to our affiliates (and/or their employees) for referrals that result in additional investment management business. Please see the discussion of affiliated placement agents and distributors in Items 5 and 10, above.

Our ultimate parent, BNY Mellon, has organized its lines of business into two groups: Investment Management and Investment Services (collectively “Groups”). As a member of BNY Mellon Asset Management, we are part of the Investment Management Group. A sales force has been created to focus on developing new customer relationships and developing and coordinating large complex existing customer relationships within those Groups.

In certain circumstances, Asset Management sales representatives are paid fees for sales. The fees may be based on revenues and may be a one-time payment or paid out over a number of years. In addition, our sales representatives and sales representatives of our affiliates within the Investment Management Group are paid for intra-Group referrals to their Group counterparts. Those fees are based on the first year’s revenue for the Group counterpart.

Sales of any alternative investment products (such as private funds) may be made through a broker-dealer affiliate. Only registered representatives of such broker-dealer receive compensation for sales of alternative investments.

We may pay a fee to an affiliate (or directly to employees of the affiliate) that has a pre-existing relationship with a new client in the Investment Services Group. The fees may be based on revenues and may provide for a one-time payment or payments over a number of years.

We and our affiliates also participate in the BNY Mellon Referral Incentive Compensation Plan, which presents certain conflicts of interest, all as described in Item 10, above.

Item 15. Custody

Rule 206(4)-2 under the Advisers Act (the “Custody Rule”) defines “custody” to include a situation in which an adviser or a related person holds, directly or indirectly, client funds or securities or has any authority to obtain possession of them, in connection with advisory services provided by the adviser.

For purposes of the Custody Rule, we are deemed to have “custody” of certain client assets because, for certain clients, we have the ability to deduct fees from their custodial accounts, and because a number of our clients have opted to have their accounts custodied at the Bank, a related person of CIS. Generally, an adviser that is deemed to have custody of a client’s funds or securities, among other things, is required to arrange for an annual independent verification of such funds or securities in accordance with the Custody Rule (the “Surprise Exam Requirement”). However, the Custody Rule contains the following exceptions from the Surprise Exam Requirement:

1. Ability to Deduct Fees: advisers deemed to have custody of client assets solely because of their ability to deduct fees from client accounts are not subject to the Surprise Exam Requirement. We rely on this exemption from the Surprise Exam Requirement.
2. Related Person & Operational Independence: advisers deemed to have custody of client assets solely because a related person holds client assets will not be subject to the Surprise Exam Requirement, provided the adviser and the related person are “operationally independent.” We rely on this exemption from the Surprise Exam Requirement, and have determined that our operations are independent from those of the Bank.

You will receive from your bank, broker-dealer or other qualified custodian an account statement, at least quarterly, identifying the amount of funds and each security in the account at the end of the period and setting forth all transactions in the account during that period. Please review these statements carefully. You will also receive account statements separately from us. You are strongly urged to compare the account statements you receive from us with those that you receive from your qualified custodian.

Item 16. Investment Discretion

We typically accept discretionary investment authority over client assets, and clients must grant this discretionary authority to us in writing via their investment management contract. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives and guidelines for the particular client account.

Clients must deliver their investment guidelines and restrictions to us in writing, and we will adhere to such guidelines and restrictions when making investment decisions. We may also, from time to time, enter into non-discretionary advisory relationships, under which the client retains authority to direct specific investment activity. To the extent that we may offer pooled investment vehicles, such vehicles would typically provide for CIS to retain full investment discretion.

Item 17. Voting Client Securities

We participate in BNY Mellon’s Proxy Policy Committee (the “Proxy Committee”) and have adopted a Proxy Voting Policy, related procedures, and voting guidelines. These policies apply to those clients who have given us, through the investment advisory agreement, authority to vote proxies. In voting proxies, we will seek to act solely in the best interest of the client.

We will carefully review proposals that would limit shareholder control or could affect the value of a client’s investment. We generally will oppose proposals designed to protect a company’s management unnecessarily from the wishes of a majority of shareholders. However, we will generally support proposals designed to provide management with short-term protection from outside influences so as to allow management to achieve long-term goals. We will try to ensure that company’s management reasonably responds to social issues, in particular where it is not likely to affect economic performance.

Conflicts of interest may arise between our interests and our clients’ interests when voting client securities. A conflict of interest may exist, for example, if BNY Mellon or any of its affiliates has a business relationship with either the company soliciting the proxy or a third party that has a material

interest in the outcome of a proxy vote. We seek to avoid material conflicts of interest through our participation in the Proxy Committee, which applies detailed, pre-determined proxy voting guidelines (the “Voting Guidelines”) in an objective and consistent manner across client accounts, based on internal and external research and recommendations provided by a third party vendor, and without consideration of any client relationship factors. Further, we and our affiliates engage a third party as an independent fiduciary to vote all proxies for BNY Mellon securities and affiliated mutual fund securities. We do not permit clients to direct us on how to vote in a particular solicitation.

All proxy voting proposals are reviewed, categorized, analyzed and voted in accordance with the Voting Guidelines. These guidelines are reviewed periodically and updated as necessary to reflect new issues and any changes in our policies on specific issues. Items that can be categorized under the Voting Guidelines will be voted in accordance with any applicable guidelines. On the other hand, proposals that cannot be categorized under the Voting Guidelines will be referred to the Proxy Committee for discussion and vote. Additionally, the Proxy Committee may review any proposal where it has identified a particular company, industry or issue for special scrutiny. With regard to voting proxies of foreign companies, we may weigh the cost of voting, and potential inability to sell the securities (which may occur during the voting process) against the benefit of voting the proxies to determine whether or not to vote.

We will furnish a copy of our Proxy Voting Policy and our Voting Guidelines to each client upon request. Upon request, we will also disclose to a client the proxy voting history for its account after the shareholder meeting has concluded.

Item 18. Financial Information

In certain circumstances, registered investment advisers are required to provide you with financial information or disclosures about their financial condition in this Item. Dreyfus has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has never been the subject of a bankruptcy proceeding.