

Mellon Capital Management Corporation

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Form ADV Part 2 (As of March 30, 2012)

This brochure provides information about the qualifications and business practices of Mellon Capital Management Corporation. Mellon Capital Management Corporation is registered as an investment adviser with the United States Securities and Exchange Commission (“SEC”). If you have any questions about the contents of this brochure, please contact us at 415-546-6056. The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Registration by an investment adviser with the SEC does not imply that the investment adviser has any particular level of skill or training.

Additional information about Mellon Capital Management Corporation is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Summary of Material Changes

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

Item 5 was updated to disclose that Mellon Capital Management Corporation established a standard fee schedule. The new fee schedule indicates the fee ranges that reflect the highest tier of fees per annum on the standard fee schedule. The fees disclosed are asset based fees that would generally be charged for advisory and management services (without taking into account any applicable performance fees). Fees are generally negotiable. See Item 5 for more details.

Item 8 descriptions of investment strategies and summary of material risks were updated to reflect strategy groupings corresponding to the fee schedule in Item 5. Also in Item 8, we redefined our strategy risk descriptions to only include material risks. See Item 8 for more details.

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.

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Item 4. Advisory Business

Background:

Mellon Capital Management Corporation (“the Firm” or “We” or “Us”) is a corporation organized under the laws of the State of Delaware. The Firm is an indirect wholly owned subsidiary of The Bank of New York Mellon Corporation (“BNY Mellon”). We were organized in, and have been providing investment advisory services since 1983.

Investment Advisory Services:

We provide discretionary and non-discretionary investment advisory services primarily to institutional clients principally through separate accounts and a variety of commingled funds (including, without limitation, registered funds, collective investment funds and private funds that are exempt from registration in the United States), which may be sponsored or established by us, our affiliates or unaffiliated third parties, and to other investment advisers through sub-advisory agreements. Our business is not limited to US clients and US operations but rather is also subject to certain foreign registrations and regulations.

We provide our clients with management services typically on a discretionary basis, where the client authorizes us to make all investment decisions for the account, but we may also provide management services on a non-discretionary basis, where we make recommendations to the client but all investment decisions are made by the client and may or may not be implemented by us. These services may include defining the appropriate asset allocation which we believe is most likely to achieve the client's objectives; offering a variety of investment strategies to enable us to support the client's objectives; and when applicable, assuming discretionary responsibility for all aspects of day-to-day management and investment of the client's account. We generally provide our clients with services relating to securities but may also include services relating to derivatives and other instruments as mentioned below. In addition, we furnish reports to clients outlining account activity, strategy and performance. The strategies in which we may invest client assets and the fees we may receive for managing such strategies are described below.

If consistent with client's investment objective, we may invest client assets in collective investment funds for which The Bank of New York Mellon serves as trustee and account custodian and for which we provide certain non-discretionary investment advisory and trading services. Additionally, our employees manage assets of certain of the collective investment funds as dual officers of The Bank of New York Mellon, an affiliated New York chartered bank (“the Bank”). The collective investment funds are further described in the Schedule A(s) of the applicable Bank collective investment fund plan documents, which are available upon request. The strategies in which we may invest client assets and the fees we may receive for managing such strategies are described below. We may also manage portfolios as separate accounts and act as adviser or sub-adviser to registered investment companies, UCITS funds, private funds, and other commingled vehicles. In some cases, our employees may provide services as dual employees of our affiliate, The Dreyfus Corporation (“Dreyfus”). *Please see Item 10 for more information on our dual officer/employee arrangements and Item 7 for more information on the types of clients to which we provide services.*

We typically offer investment advisory services tailored to meet clients' individual investment goals. We work with clients to create investment guidelines mutually acceptable to the client and us. When creating investment guidelines, clients may impose investment restrictions in certain individual securities or types of securities. Our strategies are managed in accordance with a model portfolio for all client accounts employing the strategy. Clients who impose investment restrictions might limit our ability to employ the strategy, in its entirety, resulting in investment performance that differs from that of the model and other client accounts.

As noted above, we also offer investment advisory services in the form of pooled investment vehicles or "funds". Each pooled investment vehicle generally has an investment objective and a set of investment policies and/or guidelines that we must follow. For this reason, we cannot tailor the investment advisory services we provide to our funds to meet the needs of any particular individual participant investing in the funds. Accordingly, we cannot impose investment restrictions requested by particular investors in a fund on our investment strategies for the fund.

Clients typically obtain our investment advisory services pursuant to (i) an investment management or subadvisory agreement with the Firm, the Bank (when our employees are acting as dual officers of the Bank) or Dreyfus (when our employees are acting as dual employees of Dreyfus), (ii) a trust agreement with the Bank (when our employees are managing collective investment funds of the Bank as dual officers of the Bank) or (iii) a subscription agreement (when clients are investing in other commingle vehicles).

Managed Account/Wrap-Fee Programs:

The Firm serves as a non-discretionary sub-adviser in connection with managed account/wrap programs. A client in a managed account/wrap-fee program typically receives investment management of account assets through one or more investment advisers participating in the managed account/wrap-fee program and trade execution, custodial, performance monitoring and reporting services or some combination of these or other services for a single, all-inclusive "wrap-fee" charged by the program sponsor based on the value of the client's account assets. The program sponsor typically assists the client in defining the client's investment objectives based on information provided by the client, aids in the selection of one or more investment managers to manage the client's account and periodically contacts the client to ascertain whether or not there have been any changes in the client's financial circumstances or objectives.

In evaluating a managed account/wrap program, clients should consider a number of factors. A client may be able to obtain some or all of the services available through a particular program on an "unbundled" basis through the program sponsor or through other firms and, depending on the circumstances, the aggregate of any separately paid fees may be higher (or lower) than the single, all-inclusive fee charged in the managed account/wrap-fee program. Payment of an asset-based fee may or may not produce accounting, bookkeeping or income tax results that differ from those resulting from the separate payment of (i) securities commissions and other execution costs on a trade-by-trade basis and (ii) advisory fees. Any securities or other assets used to establish a managed account/wrap-fee program account may be sold, and the client will be responsible for payment of any taxes due. We recommend that each client consult with his or her tax adviser or accountant regarding the tax treatment of managed account/wrap-fee program

accounts. The fees and features of each wrap fee program vary and therefore managed account/wrap-fee program clients should consult the program sponsor's brochure for the fees and features applicable to their program.

The Firm does not act as a sponsor to any managed account/wrap-fee program. Rather, we may provide certain non-discretionary services with respect to the creation and maintenance of a model portfolio for an investment adviser that provides investment advisory and asset allocation services to its clients in a managed account/wrap-fee program. We do not know the identity of the underlying clients, do not act as a fiduciary to such clients, do not have access to the underlying wrap-fee clients' account information, do not trade for underlying clients participating in a managed account/wrap-fee program and do not perform suitability reviews or any other administrative functions in connection with any managed account/wrap-fee program. Additionally, we are not responsible for voting proxies that relate to assets held in any underlying client's managed account/wrap-fee account or the managed account/wrap-fee programs' compliance with applicable laws and regulations. Typically, we receive a portion of the wrap fee based on a percentage of the market value of the assets under management in the managed account/wrap fee program employing our model portfolio strategy.

Additional Services:

Additional relationship-based services may be provided for existing clients and prospective clients. Such relationship-based services may include certain account monitoring or trading or strategic allocation services. On occasion, we may provide advisory trading services on a non-discretionary basis. We may also provide advice through consultations. The exact nature of the consultation will depend upon the requirements of the client. Topics may include, but are not limited to, asset allocation, evaluation of new investment services relative to the client's needs, and product development. On select occasions or as part of a consultation, special reports or analyses relating to securities may be prepared or issued, such as a study of security transactions costs, (which may include charts or graphs).

Assets Under Management:

We manage \$ 157,791,874,949 as of December 31, 2011 on a discretionary basis and 1,424,962,905 as of December 31, 2011 on a non-discretionary basis. Assets under management include assets managed in overlay portfolios in the amount of \$ 8,525,244,850 as well as portfolios that are invested in separate accounts, collective funds, mutual funds, private funds or other similar vehicles. In addition to the assets managed on behalf of the Firm, portfolios in the amount of \$ 58,909,920,543 as of December 31, 2011 are managed by certain of our officers in their capacity as dual officers of the Bank or as dual employees of Dreyfus. In their capacities as dual 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. In their capacities as dual employees of Dreyfus, these Firm personnel provide investment advisory services to certain affiliated registered investment companies and managed account/wrap-fee programs. For such services, we receive a portion of the investment management fee received by Dreyfus. The asset under management figures referenced above differs from the regulatory assets under management required to be reported in Form ADV Part 1A. Included in regulatory assets under management are only the assets of portfolios deemed to be "securities portfolios". The SEC has defined a securities portfolio as a

portfolio that holds at least 50% of its value in securities. In addition, for regulatory assets under management, our private funds and our collective funds are also calculated gross of any fees, unpaid liabilities or outstanding indebtedness.

Item 5. Fees and Compensation

Separate Account Fees:

We provide investment advisory separate account 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 the market value of the account at month end, quarter end or based on an average and generally invoiced 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.

The Firm may from time to time enter into performance based fee arrangements in accordance with the conditions and requirements of Section 205-3 of the Advisers Act. While such arrangements are negotiated with each client and thus the terms vary, they typically provide for a fee based on the market value of the account at specified month end, quarter end or based on an average and invoiced on a monthly or quarterly basis in arrears plus a performance fee based on the portfolio's return for the relevant billing period. Some accounts have a benchmark and/or a hurdle rate and others are absolute return strategies.

You will also incur fees and expenses in addition to our advisory fees such as custody, brokerage and other transaction costs, administrative and other expenses. Examples of other costs and expenses may include markups, mark-downs and other amounts included in the price of a security, broker commissions, odd-lot differentials, transfer taxes, wire transfer fees and electronic fund fees. Please review your investment management agreement for further information on how we charge and collect fees.

Pooled Investment Vehicle Fees:

Collective Investment Funds:

The collective investment funds we manage as dual officers of the Bank typically charge each client who invests in them a base management fee as a percent of the market value of the account; although performance fees may also apply. Fees are calculated based on month end, quarter end, an average of market value or on the daily market value. The client may choose to have the fees deducted from its account or to pay them monthly or quarterly in arrears.

Collective investment funds may also be subject to additional charges such as custody, brokerage and other transaction costs, administrative and other expenses (including, without limitation, legal and audit fees, third party vendor pricing fees, NSCC fees, third party facilitation expenses for certain funds, and expenses related to gaining exposure to asset classes through mutual funds and exchange traded funds). Your account will indirectly bear these fees and expenses as an investor in such collective investment fund and, as a result, you may bear higher expenses than if you invested directly in the securities held by the collective investment fund.

In addition, for index and model driven collective investment funds, transaction costs associated with client specific contributions to and/or withdrawals from the collective investment fund, may be borne solely by the client and may reduce such client's returns. As noted below under "Fee Schedule", fees are generally negotiable with each investor. This may mean that some clients pay fees that differ from the fees paid by other clients

Private Funds:

The private funds we manage generally charge a base management fee applied to the Fund's net asset value, and each fund may have multiple share classes with different management fees and performance fees. Performance fees are generally calculated on the appreciation of the net asset value of the fund and are paid to the investment manager annually or upon redemption.

Management fees are generally calculated based on average monthly net assets and are paid to the investment manager quarterly in arrears or upon redemption. Funds may also be subject to additional charges such as custody, brokerage and other transaction costs, administrative and other expenses (including, without limitation, organizational, legal and audit fees). Management and performance fees are not generally negotiable, though they may be waived, reduced, or calculated differently at the discretion of the fund in accordance with the fund's offering materials. Such waivers, reductions, or changes to calculation methodology will cause some clients or groups of clients to pay fees that are different from the fee schedules disclosed in fund offering materials. Please see the applicable fund's offering materials for further information regarding fees and other share classes.

Please see Item 6 of this brochure for more information on our performance fee arrangements and Item 12 of this brochure for more information on brokerage expenses.

Generally:

When acting as a sub-adviser, the Firm may receive as compensation a portion of the fee earned by the primary adviser. We may also act as a sub-adviser to certain Dreyfus funds or other affiliates funds. In certain cases with affiliates, we may manage accounts as a sub-adviser for offshore pooled vehicles or other affiliates. When personnel of the Firm act as dual officers of the Bank or dual employees of Dreyfus in managing portfolios, the Firm will receive compensation. In certain instances, we may enter into revenue sharing arrangements with affiliates where we may receive a portion of the fee, or bill the entire fee to the client and reimburse the affiliate for amounts in excess of our revenue share. We may also enter into wholesale arrangements with affiliates where we receive only a portion of the client fee. We also get compensated for consulting services and may be a party in joint venture agreements with affiliated and non-affiliated companies. *Please see Item 10 for more information on our dual officer/employee arrangements and industry affiliations.*

The Firm may charge a minimum annual fee for its investment advisory services. The minimum annual fees typically range from \$ 10,000 to \$ 35,000 for investments in collective funds and \$100,000 to \$200,000 for separately managed accounts. Minimum annual fees may be negotiated with clients and therefore, may vary. Additionally, investments in private funds are subject to minimum investment requirements in accordance with the fund's offering materials. Please see the applicable fund's offering materials for further information regarding fees.

Agreements relating to the provision of services provided by the Firm are generally terminable at any time by either the client or the Firm subject to a mutually acceptable period of notice, which is usually approximately 30 days. Investments in private funds and collective investment funds that we manage are also subject to minimum investment and/or redemption requirements. Please refer to your investment management agreement, the collective investment fund's Schedule A or the offering documents of the private fund, as applicable, for more information.

Fee Schedule

The fee ranges indicated in this Item 5 reflect the highest tier of fees per annum on the standard fee schedule. They are asset based fees that the Firm would generally charge for its investment advisory services as of January 18, 2012 without taking into account any applicable performance fees. Fees are generally negotiable. Each of the strategies is described in Item 8 below.

Active Strategies	Fee Range per Annum
Global Asset Allocation	0.15 -- 1.60%*
Domestic Asset Allocation	0.15- 0.50%
Alternative Investments – Global Asset Allocation & Currency	1.0 – 2.0%
Alternative Investments – Fixed Income	1.0 – 1.50%
Currency	0.25%**
Active Commodity	1.25 -- 1.60%
Active Fixed Income	0.07 – 1.00%
Active Equity	0.15 – 1.25%
Indexing Strategies	
U.S. Equity Indexing	0.06 -- 0.12%
DT Indexing	0.10 -- 0.15%
International Equity Indexing	0.06 -- 0.25%
Global Equity Indexing	0.06 -- 0.12%
Fixed Income Indexing	0.06 -- 0.10%
Commodity Indexing	0.18%

*Fees for this strategy vary based on the active risk target. The active risk target for the fee shown is 10%.

** Fees for this strategy vary based on the active risk target. The active risk target for the fee shown is 2%.

We reserve the right, in our sole discretion, to negotiate or modify (either up or down) the fee schedule set forth above for any client due to a variety of factors, including but not limited to: the strategy's tracking error, the level of reporting and administrative operations required to service an account, the investment strategy or style, the number of portfolios or accounts involved, 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 fee schedule set forth above.

The firm does not require its clients to pay in advance. In the event a client has paid fees in advance and terminates prior to the end of the billing period, we will refund the client the portion of the fee paid attributable to the period, from the date of termination to the end of such billing period.

The Firm does not charge or receive compensation in connection with the sale of securities, private funds, mutual funds, or other investment products. However, certain of our employees or employees of our affiliates accept compensation (also referred to as “commissions”) for the sale of securities, private funds, mutual funds, or other investment products. For example, certain of our employees and employees of our affiliates are registered representatives of MBSC Securities Corporation (“MBSC”), an affiliated broker-dealer, and may receive commissions for selling certain products. Accepting commissions for the sale of securities, private funds, mutual funds, or other investment products gives rise to a conflict of interest in that it may give our employees or employees of our affiliates 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-Based 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.

Performance Fees:

We have entered into performance based fee arrangements for certain client accounts and funds. Most of these arrangements provide for an asset based management fee, based on the market value of the account at month end, quarter end or based on average market value, plus a performance fee based on the portfolio’s net return in excess of a specified benchmark and /or hurdle rate during a designated period of time. The performance is based on both realized and unrealized gains and losses. Some performance fee calculations include a high water mark, which keeps track of the highest level of performance on which a performance fee has been paid and which must be exceeded in order for an additional performance fee to be assessed. For more detailed information on how performance fees are calculated, please see the applicable private placement memorandum or your investment management agreement.

Side-by-Side Management

“Side-by-side management” refers to our simultaneous management of multiple types of client accounts/investment products. For example, we manage separate accounts, managed accounts, and pooled investment vehicles for clients at the same time. Our clients have 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/employee arrangements.* When we and our affiliates concurrently manage client accounts/ investment products, and in particular when dual officers or dual employees are involved, this presents the same conflicts as described below.

Note that we manage our accounts consistent with applicable laws, 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, our Best Execution Policy includes a Statement of Policy on Allocation of Transactions Among Clients which is designed to ensure that all clients are treated fairly and equitably, and to prevent these conflicts from influencing the allocation of investment opportunities among clients. *Please see Item 12 for an explanation of our policies on trade allocation.*

In limited circumstances, we may provide to a third party for which we provide non-discretionary advisory services the same model portfolio used to manage certain of our clients’ accounts. In those cases where we are implementing the model results for only a portion of the assets affected (for example, only the assets over which we have discretionary management authority) and therefore, we cannot apply our internal trade allocation procedures, we will (i) use reasonable efforts to agree on procedures with such non-discretionary clients designed to prevent one group of clients from receiving preferential trading treatment over another group or (ii) determine that, due to the nature of the assets to be traded or the market on which they are traded, no client would likely be adversely affected if such procedures are not established.

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

We 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 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 also have an incentive to give accounts with performance-based fees better execution and better brokerage commissions. *Please refer to Item 12 for more information on 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 have uncovered

option strategies and significant positions in illiquid securities in side-by-side accounts. *Please refer to Item 12 for more information on 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 other 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, we may decide to invest some or all of our temporary investments in money market accounts advised or managed by a BNY Mellon affiliate. In addition, we may invest client accounts in affiliated pooled vehicles. We have an incentive to allocate investments to these types of affiliated accounts in order to generate additional fees for us or our affiliates. In certain instances, we may enter into revenue sharing arrangements with affiliates where we may receive a portion of the fee, or bill the full fee to the client and reimburse the affiliate. We may also enter into wholesale arrangements with affiliates where we receive only a portion of the client fee. For certain accounts with affiliates, some of the fees, such as custody fees, may be waived or rebated. *Please see Item 12 for more information on our brokerage practices.*

Conflicts of Interest Relating to “Proprietary Accounts”

We, our affiliates, and our existing and future employees may from time to time invest in products managed by the Firm and we or related persons may establish “seeded” funds or accounts for the purpose of developing new investment strategies and products (collectively, “Proprietary Accounts”). Investment by the Firm, our affiliates, or our employees in Proprietary Accounts that invest in the same securities as other client accounts may create conflicts of interest. We have an incentive to favor these Proprietary Accounts by directing our best investment ideas to these accounts or allocating, aggregating or sequencing trades in favor of such accounts, to the disadvantage of other accounts. We also have an incentive to dedicate more time and attention to our Proprietary Accounts and to give them better execution and brokerage commissions than our other client accounts. We also may waive fees for Proprietary Accounts. *Please see Item 12 for more information on our brokerage practices.*

Valuations

A majority of the Firm’s fees are based on the valuations provided by clients’ custodians. However, a conflict of interest may arise in overseeing the valuation of its investments in the limited situations where the Firm charges fees based upon its valuations. We require, to the extent possible, pricing from an independent third party pricing vendor. If vendor pricing is unavailable, we then look to other observable inputs for the valuations. In the event that a vendor price or other observable inputs are unavailable or deemed unreliable, the Firm has established a Securities Pricing Committee to make a reasonable determination of a security’s fair value. We

may alter our valuation procedures due to, including without limitation, market events and illiquidity over a sustained period or unreliability of a pricing source.

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 affiliate client accounts 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 in which it could be paid in full, 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 will be discussed and resolved on a case-by-case basis. Any such discussions will factor in the interests of the relevant parties and applicable laws. *Please see Item 10 for more information on our dual officer/employee arrangements and industry affiliations and Item 11 on information on participation or interest in client transactions. Please see Item 12 for more information on our brokerage practices.*

Addressing Conflicts of Interest

We have a fiduciary duty to manage all client accounts in a fair and equitable manner. To accomplish this, the Firm has adopted various policies and procedures (including, but not limited to, policies relating to trading operations, best execution, trade order aggregation and allocation, short sales, cross-trading, code of conduct, personal securities trading and purchases of securities from affiliate underwriters). These procedures are intended to help employees identify and mitigate potential side by side conflicts of interest such as those described above. We have also developed a conflicts matrix listing potential side by side conflicts, the compliance policies and procedures reasonably designed to mitigate such potential conflicts of interest and the corresponding compliance testing program established with the goal of confirming the Firm's adherence to such policies and procedures.

Item 7. Types of Clients

Types of Clients:

We provide investment advisory services primarily to institutional clients, including, without limitation, banks or thrift institutions, corporate pension and profit sharing plans, Taft-Hartley plans, Voluntary Employee Beneficiary Associations (“VEBAs”), trusts, estates, charitable institutions, foundations, endowments, municipalities, insurance companies, variable annuities, state and local governments, religious organizations, wrap fee/managed account programs, U.S. registered investment companies, investment advisers, collective investment vehicles, exchange-traded funds, U.S. and “offshore” (non-U.S.) investment funds, some of which rely on the private placement exemptions under the securities laws, UCITS, other non-U.S. regulated funds, sovereign funds, separate accounts, and other U.S. and international institutional accounts.

Account Requirements:

We generally require clients to execute a written investment management agreement with us, granting us authority to manage their assets (although, as discussed in Item 4, retention of our investment advisory services may be obtained through various vehicles and arrangements). As discussed above, separate accounts may be subject to minimum fees. In addition, in certain cases, separate accounts may be subject to minimum account sizes which would vary depending upon the strategy of the account. We reserve the right to waive any minimum account size or minimum fee requirements. Investments in private funds that we manage are also subject to minimum investment requirements. For private funds, please refer to the offering documents of such funds for more information.

Please see Item 5 for more information on how we charge fees.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Our investment strategies cover a variety of asset classes and span alternative, active, and index approaches. Each portfolio is highly dependent on the overall investment objectives of the individual clients. However, the basic themes of our strategies are as follows.

Active Strategies:

We believe that asset prices ultimately reflect their long-run fundamental value, which underpins market equilibrium. We strive to ascertain this fundamental value and to determine how markets behave while they are in disequilibrium. Our strategies are designed to exploit the transient deviations from long-term value within and across global financial markets. We approach investing from a forward-looking perspective trying to evaluate future risk and reward so as to prevent “look-back bias.” Our philosophy is based upon our belief that downside risk control is important in seeking long-term investment success. Our goal is to deliver attractive investment performance by applying our philosophy across global financial markets, using both traditional and alternative investment vehicles.

Indexing Strategies:

We believe indexing strategies offer a cost-effective method to obtain market exposure. We seek to replicate the performance and characteristics of index benchmarks through a variety of portfolio construction methods.

Investment Strategies – General:

Investment strategies that we offer invest in a variety of securities and employ a number of investment techniques that involve certain risks. *For the description and summary of material risks involved with each strategy, please refer to the Summary of Material Risks Section below.* Long and short positions in futures, forward contracts, options on futures, exchange-traded options, over the counter options and swaps may be used to hedge, to obtain exposure, to facilitate trading, to provide liquidity for cash flows, to manage interest rate risk, or for other purposes that facilitate meeting the objectives of the strategy. Investing in securities and certain derivatives involves risk of loss that you should be prepared to endure.

Description of Investment Strategies

Active Strategies

Global Asset Allocation Strategies are designed to exceed the performance of their respective benchmarks and allocate across various global asset classes.

Domestic Asset Allocation Strategies are designed to exceed the performance of their respective benchmarks and allocate across various U.S. asset classes.

Alternative Investments – Global Asset Allocation and Currency Strategies are designed to provide absolute returns or exceed the performance of their respective benchmarks. The strategies vary widely and may include allocation across various global asset classes as well as security selection within the equity, fixed income, currency and commodity markets.

Alternative Investments – Fixed Income Strategies are designed to provide absolute returns. The strategies vary widely and may allocate across various fixed income markets, sectors and securities.

Currency Strategies are designed to provide absolute returns or exceed the performance of their respective benchmarks. The strategies seek to take advantage of misvaluations in global currency markets.

Active Commodity Strategies are designed to provide absolute returns or exceed the performance of their respective benchmarks. The strategies seek to generate incremental performance by taking long and short positions using commodity derivatives.

Active Fixed Income Strategies are designed to provide absolute returns or exceed the performance of their respective benchmarks. The strategies vary widely and may include allocation across global fixed income markets, as well as security selection within the segments of the fixed income markets.

Active Equity Strategies are designed to provide absolute returns or exceed the performance of their respective benchmarks. The strategies pursue security selection within core, value, and growth stocks across large, medium and small companies within the U.S. and/or internationally.

Indexing Strategies

U.S. Equity Indexing Strategies seek to match the performance and characteristics of their respective U.S. equity index benchmarks.

DT Indexing Strategies seek to match the performance of their respective index benchmarks. These strategies restrict exposure to U.S. companies that own commercial nuclear plants and attempt to minimize taxable gains.

International Equity Indexing Strategies seek to match the performance and characteristics of their respective international equity index benchmarks.

Global Equity Indexing Strategies seek to match the performance and characteristics of their respective global equity index benchmarks.

Fixed Income Indexing Strategies seek to match the performance and characteristics of their respective U.S. and/or international fixed income index benchmarks.

The Commodity Indexing Strategy seeks to replicate the performance and characteristics of its commodity index benchmark.

Summary of Material Risks

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.

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.**

The risks set forth below represent a general summary of the material risks involved in the investment strategies we offer. We define material risks as risks associated with any type of investment that would account for 5% or more of the overall investment strategy. If applicable, please refer to the “Risk Factors” section in the offering documents for a more detailed discussion of the risks involved in an investment in a fund.

	Global Asset Allocation Strategies	Domestic Asset Allocation Strategies	Alternative Investment Strategies - GAA & Currency	Alternative Investment Strategies - Fixed Income	Currency Strategies	Active Commodity Strategies	Active Fixed Income Strategies	Active Equity Strategies	U.S. Equity Indexing Strategies	DT Indexing Strategies	International Equity Indexing Strategies	Global Equity Indexing Strategies	Fixed Income Indexing Strategies	Commodity Indexing Strategy
ADV Strategy														
Allocation risk	X	X	X	X			X							
Asian emerging market risk	X		X	X			X				X	X		
Asset-backed securities risk	X	X	X	X			X						X	
Banking industry risk				X			X		X				X	
Call risk	X	X	X	X			X						X	
Clearance and settlement risk (emerging markets)	X		X	X			X				X	X	X	
Commodity sector risk	X		X			X								X
Convertible securities risk			X	X			X							
Counterparty risk (repo or derivatives)	X	X	X	X	X	X	X			X	X	X	X	
Country and sector allocation risk	X		X	X	X	X	X	X					X	
Country, industry and market sector risk	X		X	X	X	X	X	X						
Credit risk	X	X	X	X			X						X	
Depository receipts risk								X		X	X	X		
Derivatives risk	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Emerging market risk	X		X	X			X				X	X		
Emerging market risk – equities.	X		X								X	X		
Emerging market risk – fixed income				X			X						X	
Exchange-traded fund (ETF) risk	X								X	X	X	X		
Foreign currency risk	X		X	X	X		X	X		X	X	X	X	
Foreign investment risk (emerging markets)	X		X	X			X				X	X	X	
Government securities risk	X	X	X	X			X						X	
Growth and value stock risk	X	X	X					X	X	X	X	X		
Growth stock risk								X	X					

	Global Asset Allocation Strategies	Domestic Asset Allocation Strategies	Alternative Investment Strategies - GAA & Currency	Alternative Investment Strategies - Fixed Income	Currency Strategies	Active Commodity Strategies	Active Fixed Income Strategies	Active Equity Strategies	U.S. Equity Indexing Strategies	DT Indexing Strategies	International Equity Indexing Strategies	Global Equity Indexing Strategies	Fixed Income Indexing Strategies	Commodity Indexing Strategy
ADV Strategy														
Health care sector risk				X			X		X					
High yield bond risk			X	X			X							
Indexing strategy risk	X								X	X	X	X	X	X
Inflation-indexed security risk	X		X	X									X	
Interest rate risk	X	X	X	X			X						X	
IPO risk								X						
Issuer risk	X	X	X	X			X						X	
Large cap stock risk	X	X	X					X	X	X	X	X		
Leverage risk	X	X	X	X	X	X	X	X						
Liquidity risk	X		X	X		X	X	X					X	X
Market and credit risk (MBS)	X		X	X			X						X	
Market risk	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Market sector risk		X	X	X			X	X	X				X	
Micro-cap company risk				X					X	X				
Municipal bond market risk													X	
Non-diversification risk							X		X					
Participatory notes risk														
Preferred stock risk									X	X	X	X		
Prepayment and extension risk			X	X									X	
Real estate sector risk	X								X				X	
Short sale risk	X	X	X	X	X	X	X	X						
Small and Mid-Company Risk	X		X					X	X	X	X			
Stock investing risk	X	X	X					X	X	X	X	X		
Stock Selection Risk								X						
Technology company risk									X					
Value stock risk								X	X					

Not all material risks will be applicable to each strategy. A summary of the material risks included in the chart above are explained below.

Allocation risk. The asset classes in which the strategy seeks investment exposure can perform differently from each other at any given time (as well as over the long term), so the strategy will be affected by its allocation among the various asset classes. If the strategy favors exposure to an asset class during a period when that class underperforms, performance may be hurt.

Asian emerging market risk. Many Asian economies are characterized by over-extension of credit, frequent currency fluctuations, devaluations and restrictions, rising unemployment, rapid fluctuations in inflation, reliance on exports, and less efficient markets. Currency devaluation in one Asian country can have a significant effect on the entire region. The legal systems in many Asian countries are still developing, making it more difficult to obtain and/or enforce judgments. Furthermore, increased political and social unrest in some Asian countries could cause economic and market uncertainty throughout the region. The auditing and reporting standards in some Asian emerging market countries may not provide the same degree of shareholder/investor protection or information to investors as those in developed countries. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liability and consolidation may be treated differently than under the auditing and reporting standards of developed countries.

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.

Clearance and settlement risk. Many emerging market countries have different clearance and settlement procedures from developed countries. There may be no central clearing mechanism of settling trades and no central depository or custodian for the safe keeping of securities. The registration, record-keeping and transfer of instruments may be carried out manually, which may cause delays in the recording of ownership. Increased settlement risk may increase counterparty and other risk. Certain markets have experienced periods when settlement dates are extended, and during the interim, the market value of an instrument may change. Moreover, certain markets have experienced periods when settlements did not keep pace with the volume of

transactions resulting in settlement difficulties. Because of the lack of standardized settlement procedures, settlement risk in emerging markets is more prominent than in more mature markets.

Commodity sector risk. Exposure to the commodities markets may subject the fund to greater volatility than investments in traditional securities. Investments linked to the prices of commodities are considered speculative. Prices of commodities and related contracts may fluctuate significantly over short periods for a variety of factors, including: changes in supply and demand relationships, weather, agriculture, trade, fiscal, monetary and exchange control programs, disease, pestilence, acts of terrorism, embargoes, tariffs and international economic, political, military and regulatory developments.

Convertible securities risk. Convertible securities may be converted at either a stated price or stated rate into underlying shares of common stock. Convertible securities generally are subordinated to other similar but non-convertible securities of the same issuer. Although to a lesser extent than with fixed-income securities, the market values of convertible securities tend to decline as interest rates increase. In addition, because of the conversion feature, the market values of convertible securities tend to vary with fluctuations in the market value of the underlying common stock. Although convertible securities are designed to provide for a stable stream of income, they are subject to the risk that their issuers may default on their obligations. Convertible securities also offer the potential for capital appreciation through the conversion feature, although there can be no assurance of capital appreciation because securities prices fluctuate. Convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality because of the potential for capital appreciation.

Counterparty risk. The risk that a counterparty in a repurchase agreement or other derivative investment 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.

Country, industry and market sector risk. The strategy may be overweighted or underweighted, relative to the benchmark index, in companies in certain countries, industries or market sectors, which may cause the strategy's performance to be more or less sensitive to positive or negative developments affecting these countries, industries or sectors. In addition, the strategy may, from time to time, invest a significant portion (more than 25%) of its total assets in securities of companies located in particular countries, such as the United Kingdom and Japan, depending on such country's representation within the benchmark index.

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. See also "High yield bond risk."

Depository receipts risk. DRs generally represent securities of non-U.S. issuers and may include sponsored or unsponsored DR programs. In an unsponsored facility, the depository issues the DRs without an agreement with the company that issues the underlying securities. Holders of unsponsored DRs generally bear all the costs of such facility, and the depository of an unsponsored facility frequently is under no obligation to distribute shareholder communications received from the company that issues the underlying securities or to pass through voting rights

to the holders of the DRs with respect to the underlying securities. Therefore, sponsored DR facilities may provide holders with more information about the issuer of the underlying security.

Derivatives risk. A small investment in derivatives could have a potentially large impact on the strategy's performance. The use of derivatives involves risks different from, or possibly greater than, the risks associated with investing directly in the underlying assets. Derivatives can be highly volatile, illiquid and difficult to value, and there is the risk that changes in the value of a derivative held by the strategy will not correlate with the underlying instruments or the strategy's other investments. Derivative instruments also involve the risk that a loss may be sustained as a result of the failure of the counterparty to the derivative instruments to make required payments or otherwise comply with the derivative instruments' terms. Certain types of derivatives involve greater risks than the underlying obligations because, in addition to general market risks, they are subject to illiquidity risk, counterparty risk and credit risk. Additionally, some derivatives involve economic leverage, which could increase the volatility of these investments as they may fluctuate in value more than the underlying instrument. See also "Leverage risk."

Emerging market risk. Emerging markets tend to be more volatile and less liquid than 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 securities of issuers located or doing substantial business in emerging markets are often subject to rapid and large changes in price. In particular, emerging markets may have relatively unstable governments, present the risk of sudden adverse government or regulatory action and even nationalization of businesses, restrictions on foreign ownership or prohibitions of repatriation of assets, and may have less protection of property rights than more developed countries. The economies of emerging market countries may be based predominantly on only a few industries and may be highly vulnerable to changes in local or global trade conditions, and may suffer from extreme debt burdens or volatile inflation rates. Local securities markets may trade a small number of securities and may be unable to respond effectively to increases in trading volume, potentially making prompt liquidation of substantial holdings difficult. Transaction settlement and dividend collection procedures also may be less reliable in emerging markets than in developed markets.

Emerging market risk – equities. 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. These securities are often subject to rapid and large changes in price.

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.

Exchange-traded fund (ETF) risk. ETFs in which the strategy may invest involve certain inherent risks generally associated with investments in a portfolio of common stocks, including the risk that the general level of stock prices may decline, thereby adversely affecting the value of each unit of the ETF. Moreover, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the

secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or the number of stocks held. Investing in ETFs, which are investment companies, may involve duplication of advisory fees and certain other expenses.

Foreign currency risk. Investments in foreign currencies are subject to the risk that those currencies will decline in value relative to the U.S. dollar, or in the case of hedged positions, that the U.S. dollar will decline relative to the currency being hedged. Currency exchange rates may fluctuate significantly over short periods of time. A decline in the value of foreign currencies relative to the U.S. dollar will reduce the value of securities held by the strategy and denominated in those currencies. Foreign currencies are also subject to risks caused by inflation, interest rates, budget deficits and low savings rates, political factors and government controls.

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 or economic instability, seizure or nationalization of assets, imposition of taxes or repatriation restrictions and differing auditing and legal standards. 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 U.S. government's agencies and instrumentalities are backed by the full faith and credit of the U.S. 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 U.S. 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 U.S. 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 U.S. 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.

Growth and value stock risk. By investing in a mix of growth and value companies, the strategy assumes the risks of both. Investors often expect growth companies to increase their earnings at a certain rate. If these expectations are not met, investors can punish the stocks inordinately, even if earnings do increase. In addition, growth stocks typically lack the dividend yield that can cushion stock prices in market downturns. Value stocks involve the risk that they may never reach their expected full market value, either because the market fails to recognize the stock's intrinsic worth, or the expected value was misgauged. They also may decline in price even though in theory they are already undervalued.

Growth stock risk. Investors often expect growth companies to increase their earnings at a certain rate. If these expectations are not met, investors can punish the stocks inordinately, even if earnings do increase. In addition, growth stocks may lack the dividend yield that may cushion stock prices in market downturns.

Health care sector risk. Because the strategy's investments are concentrated in the health care and related sectors, the value of your investment will be affected by factors particular to those sectors and may fluctuate more widely than that of a strategy which invests in a broad range of industries. Health care companies are subject to government regulation and approval of their products and services, which can have a significant effect on their market price. The types of products or services produced or provided by these companies may quickly become obsolete.

Moreover, liability for products that are later alleged to be harmful or unsafe may be substantial, and may have a significant impact on the health care company's market value and/or share price. Biotechnology and related companies are affected by patent considerations, intense competition, rapid technology change and obsolescence, and regulatory requirements of various federal and state agencies. In addition, some of these companies are relatively small and have thinly traded securities, may not yet offer products or may offer a single product, and may have persistent losses during a new product's transition from development to production, or erratic revenue patterns. The stock prices of these companies are very volatile, particularly when their products are up for regulatory approval and/or under regulatory scrutiny.

Securities of companies within specific health care sectors can perform differently than the overall market. This may be due to changes in such things as the regulatory or competitive environment, or to changes in investor perceptions regarding a sector. Because the strategy may allocate relatively more assets to certain health care sectors than others, the strategy's performance may be more sensitive to developments which affect those sectors emphasized by the strategy.

High yield bond risk. 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.

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 U.S. 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 debt securities tend to move inversely with changes in interest rates. Typically, a rise in rates will adversely affect the prices of these securities and, accordingly, the value of your investment. 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, and may carry additional risks and be more volatile than other types of debt securities due to unexpected changes in interest rates.

IPO risk. The prices of securities purchased in IPOs can be very volatile. The effect of IPOs on the strategy's performance depends on a variety of factors, including the number of IPOs the strategy invests in relative to the size of the strategy and whether and to what extent a security purchased in an IPO appreciates or depreciates in value. Therefore, IPO investments may magnify the returns of the strategy.

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.

Large cap stock risk. To the extent the strategy invests in large capitalization stocks, the strategy may underperform strategies that invest primarily in the stocks of lower quality, smaller capitalization companies during periods when the stocks of such companies are in favor.

Leverage risk. The use of leverage, such as engaging in reverse repurchase agreements, lending portfolio securities, entering into futures contracts or forward currency contracts, investing in inverse floaters, entering into short sales, the use of portfolio leverage or margin and engaging in forward commitment transactions, may magnify the strategy's gains or losses. Because many derivatives have a leverage component, adverse changes in the value or level of the underlying asset, reference rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial 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.

Micro-cap company risk. Micro-cap stocks may offer greater opportunity for capital appreciation than the stocks of larger and more established companies; however, they also involve substantially greater risks of loss and price fluctuations. Micro-cap companies carry additional risks because their earnings and revenues tend to be less predictable (and some companies may be experiencing significant losses), and their share prices tend to be more volatile and their markets less liquid than companies with larger market capitalizations. Micro-cap companies may be newly formed or in the early stages of development, with limited product lines, markets or financial resources, and may lack management depth. In addition, there may be less public information available about these companies. The shares of micro-cap companies tend to trade less frequently than those of larger, more established companies, which can adversely affect the pricing of these securities and the Firm's ability to sell these securities. Also, it may take a long time before the value of your investment realizes a gain, if any, on an investment in a micro-cap company.

Municipal bond market risk. The amount of public information available about municipal bonds is generally less than that for corporate equities or bonds. Special factors, such as legislative changes, and state and local economic and business developments, may adversely affect the yield and/or value of the strategy's investments in municipal bonds. Other factors include the general conditions of the municipal bond market, the size of the particular offering, the maturity of the obligation and the rating of the issue. 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.

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.

Participatory notes risk. Investing in participatory notes involves the same risks associated with a direct investment in the shares of the companies the notes seek to replicate. However, the performance results of participatory notes will not replicate exactly the performance of the issuers or markets that the notes seek to replicate due to transaction costs and other expenses. In addition, participatory notes are subject to counterparty risk since the notes constitute general unsecured contractual obligations of the issuing financial institutions, and the holder is relying on the creditworthiness of such institutions and has no rights under the participatory notes against the issuers of the stocks underlying such notes. Participatory notes may be considered illiquid.

Preferred stock risk. Preferred stock is a class of a capital stock that typically pays dividends at a specified rate. Preferred stock is generally senior to common stock, but subordinate to debt securities, with respect to the payment of dividends and on liquidation of the issuer. The market value of preferred stock generally decreases when interest rates rise and is also affected by the issuer's ability to make payments on the preferred stock.

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, 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.

Real estate sector risk. Because the strategy's investments are concentrated in the securities of companies principally engaged in the real estate sector, the value of your investment will be affected by factors particular to the real estate sector and may fluctuate more widely than that of a strategy which invests in a broader range of industries. The securities of issuers that are principally engaged in the real estate sector may be subject to risks similar to those associated with the direct ownership of real estate. These include: declines in real estate values, defaults by mortgagors or other borrowers and tenants, increases in property taxes and operating expenses, overbuilding, fluctuations in rental income, changes in interest rates, possible lack of availability of mortgage funds or financing, extended vacancies of properties, changes in tax and regulatory requirements (including zoning laws and environmental restrictions), losses due to costs resulting from the clean-up of environmental problems, liability to third parties for damages resulting from environmental problems, and casualty or condemnation losses. In addition, the performance of the economy in each of the regions and countries in which the real estate owned by a portfolio company is located affects occupancy, market rental rates and expenses and, consequently, has an impact on the income from such properties and their underlying values.

In addition to the risks which are linked to the real estate sector in general, Real Estate Investment Trusts ("REITs") are subject to additional risks. Equity REITs, which invest a majority of their assets directly in real property and derive income primarily from the collection of rents and lease payments, may be affected by changes in the value of the underlying property owned by the trust, while mortgage REITs, which invest the majority of their assets in real estate mortgages and derive income primarily from the collection of interest payments, may be affected by the quality of any credit extended. Further, REITs are highly dependent upon management skill and often are not diversified. REITs also are subject to heavy cash flow dependency and to defaults by borrowers or lessees. In addition, REITs possibly could fail to qualify for favorable tax treatment under applicable U.S. or foreign law and/or to maintain exempt status under the Investment Company Act of 1940. Certain REITs provide for a specified term of existence in their trust documents. Such REITs run the risk of liquidating at an economically disadvantageous time.

Short sale risk. The strategy may make short sales, which involves selling a security it does not own in anticipation that the security's price will decline. Short sales expose the strategy to the risk that it will be required to buy the security sold short (also known as "covering" the short position) at a time when the security has appreciated in value, thus resulting in a loss to the strategy. Short positions in stocks involve more risk than long positions in stocks because the maximum sustainable loss on a stock purchased is limited to the amount paid for the stock plus the transaction costs, whereas there is no maximum attainable price on the shorted stock. In theory, stocks sold short have unlimited risk. The strategy may not always be able to close out a short position at a particular time or at an acceptable price. The strategy may not always be able to borrow a security the strategy seeks to sell short at a particular time or at an acceptable price. Thus, there is a risk that the strategy may be unable to fully implement its investment strategy due to a lack of available stocks or for some other reason. It is possible that the market value of the securities the strategy holds in long positions will decline at the same time that the market value of the securities the strategy has sold short increases, thereby increasing the strategy's potential volatility.

Small and midsize company risk. Small and midsize companies carry additional risks because the operating histories of these companies tend to be more limited, their earnings and revenues less predictable (and some companies may be experiencing significant losses), and their share prices more volatile than those of larger, more established companies. The shares of smaller companies tend to trade less frequently than those of larger, more established companies, which can adversely affect the pricing of these securities and the strategy's ability to sell these securities. These companies may have limited product lines, markets or financial resources, or may depend on a limited management group. Some of the strategy's investments will rise and fall based on investor perception rather than economic factors. Other investments are made in anticipation of future products, services or events whose delay or cancellation could cause the stock price to drop.

Stock investing risk. Stocks generally fluctuate more in value than bonds and may decline significantly over short time periods. There is the chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising prices and falling prices. The market value of a stock may decline due to general market conditions that are not related to the 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, such as labor shortages or increased production costs and competitive conditions within an industry, or factors that affect a particular company, such as management performance, financial leverage, and reduced demand for the company's products or services.

Stock selection risk. Although the strategy seeks to manage risk by broadly diversifying among industries and by maintaining a risk profile generally similar to the relevant index, the strategy is expected to hold fewer securities than the index. Owning fewer securities and having the ability to purchase companies not listed in the index can cause the strategy to underperform the index.

Technology company risk. The technology sector has been among the most volatile sectors of the stock market. If the strategy's investments are concentrated in the technology sector, its performance can be significantly affected by developments in that sector. Technology companies, especially small-cap technology companies, involve greater risk because their revenue and/or earnings tend to be less predictable (and some companies may be experiencing significant losses) and their share prices tend to be more volatile. Certain technology companies may have limited product lines, markets or financial resources, or may depend on a limited management group. In addition, these companies are strongly affected by worldwide technological developments, and their products and services may not be economically successful or may quickly become outdated. Investor perception may play a greater role in determining the day-to-day value of tech stocks than it does in other sectors. Strategy investments made in anticipation of future products and services may decline dramatically in value if the anticipated products or services are delayed or cancelled. The risks associated with technology companies are magnified in the case of small-cap technology companies. The shares of smaller technology companies tend to trade less frequently than those of larger, more established companies, which can have an adverse effect on the pricing of these securities and on the strategy's ability to sell these securities.

Value stock risk. Value stocks involve the risk that they may never reach their expected market value, either because the market fails to recognize the stock's intrinsic worth or the expected value was misgauged. They also may decline in price even though in theory they are already undervalued.

General risks. Investing in securities involves risk of loss that you should be prepared to endure. 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.

Please refer to the applicable disclosure and offering documents for further information

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 the Firm or the integrity of the Firm's management in this item.

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

Several State Attorney General's Offices and certain individual plaintiffs have filed civil complaints against The Bank of New York Mellon Corporation ("BNY Mellon"), the parent company of the Firm. 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

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 U.S. and non-U.S. retail, intermediary and institutional distribution of investment management and related services.

Our services are sometimes offered under the umbrella designation BNY Mellon. In such cases, BNY Mellon is used to describe the range of investment products and services available from the affiliates of The Bank of New York Mellon Corporation. Our services are also sometimes offered under the umbrella designations BNY Mellon Asset Management ("BNY MAM") and BNY Mellon International Asset Management Group Limited ("BNY AMI"). BNY MAM is

used to describe the array of investment management services available to both U.S. and non-U.S. investors from the affiliates of The Bank of New York Mellon Corporation. BNY AMI is used to describe the array of investment management services available from the affiliates of The Bank of New York Mellon Corporation to investors outside the U.S.

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 and 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 affiliated “placement agents,” including, without limitation, MBSC Securities Corporation, BNY Mellon International Asset Management Group Limited, BNY Mellon Asset Management Australia Limited, BNY Mellon Asset Management Hong Kong Limited and BNY Mellon Asset Management Canada Limited, who solicit persons to invest in various private funds, including our private funds, and may also provide other administrative services. The Firm has entered into agreements with these placement agents to pay them commissions or fees for such solicitations and services. We or our affiliates are solely responsible for the payment of these commissions and fees - they will not be borne by the private funds and their investors. We or our affiliates pay these commissions and fees out of our profits, and these payments do not increase the fees paid by the private fund’s investors. These financial incentives may cause the placement agents and their employees and/or salespersons to steer investors toward those private funds that will generate higher commissions and fees. *Please see Item 14 for more information on the compensation arrangements related to client referrals.*

Our sales and certain client service employees are registered representatives of our affiliate, MBSC Securities Corporation, a registered broker-dealer under the Securities Exchange Act of 1934, as amended, and a member of FINRA. In their capacity as registered representatives of MBSC, these employees sell and provide services regarding funds managed by us to US persons. There is a financial arrangement in place between us and MBSC.

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

Certain of our employees act as officers of the Bank, an affiliated New York chartered bank, and/or as employees of Dreyfus, an affiliated registered investment adviser, 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. In their capacities as Dreyfus employees, these Firm personnel provide investment advisory services to certain affiliated registered investment companies. In these capacities, they may also provide non-discretionary investment advisory services to unaffiliated managed account/wrap-fee accounts. We receive a portion of the investment management fee received by Dreyfus for such services. *See also further information under “Affiliated Wrap Advisers and Non-Affiliated Sponsors” of this Item 10.*

As described above, certain of our employees are also employees of Dreyfus and in their capacities as Dreyfus employees, our personnel provide investment advisory services to certain affiliated registered investment companies and other non-affiliated portfolios. We may also provide sub-advisory services to certain affiliated registered investment companies by serving as a sub-adviser to Dreyfus. For such services, we receive a portion of the investment management

fee received by Dreyfus from each investment company or of the portfolio to which it renders advice. The fees will vary depending on the investment strategy being implemented. *Please refer to Item 5 for fee descriptions and Item 8 for strategy descriptions.*

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.

Affiliated Broker-Dealers and Investment Advisers

We are affiliated with a significant number of advisers and broker/dealers. Please see Form ADV, Part 1 - Schedule D, Section 7.A for a list of our affiliated advisers and broker-dealers.

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 due to these affiliations. In certain cases, we may face further limitations because of aggregation issues due to our relationship with affiliated investment management firms. *Please also refer to “Banking Institutions” under this Item 10 and Item 12 for additional information on potential restrictions.*

As noted above, we are affiliated through common ownership or otherwise with a number of broker-dealers. Because these broker-dealers may be considered our affiliated persons, the ability to utilize these broker-dealers is subject to restrictions and in some cases is prohibited. These restrictions could limit our ability to engage in certain securities transactions and to take advantage of certain market opportunities. In addition, we may enter into transactions with unaffiliated counterparties or third party service providers who then use our affiliates to effect or complete such transactions. Services provided by such affiliates and for which such affiliates receive compensation may include, for example, clearance of trades effected by us through third-party broker-dealers.

We have arrangements with the following affiliated investment advisers (including arrangements whereby we provide investment management or sub-advisory services which may be on a discretionary or non-discretionary basis): BNY Mellon International Asset Management Group

Limited, BNY Mellon Asset Management Australia Limited, BNY Mellon Asset Management Hong Kong Limited, BNY Mellon Asset Management Japan Limited, BNY Mellon International Management Limited, BNY Mellon Asset Management Canada Limited and The Dreyfus Corporation. In addition, some of our affiliates provide services, such as client service, and may be compensated pursuant to a service level agreement.

We may pay referral fees to our affiliates and employees of our affiliates for referrals that result in additional investment management business. *Please see earlier sections of this Item 10 and Item 14 for further information.*

Affiliated Underwriters

Our broker-dealer affiliates occasionally act as an 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 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 (although, an affiliate acting as an underwriter or as a member of the syndicate may benefit from the purchase through the receipt of a fee or other compensation).

Affiliated Wrap Advisers and Non-Affiliated Sponsors

The Firm serves as a non-discretionary sub-adviser in connection with certain managed account/wrap-fee programs. In some cases, employees of the Firm may provide such services as dual employees of our affiliate, The Dreyfus Corporation. *Please see “Dual Officers and Employees” of this Item 10 for more information on our dual employee arrangements.*

The Firm does not act as a sponsor to any managed account/wrap-fee program. Rather, we may provide certain services with respect to the creation and maintenance of a model portfolio for an investment adviser providing investment advisory and asset allocation services to its clients in a managed account/wrap fee program. We do not know the identity of the underlying clients, do not act as a fiduciary to such clients, do not have access to the underlying wrap fee clients’ account information, do not trade for underlying clients participating in a managed account/wrap fee program and do not perform suitability reviews or any other administrative functions in connection with any managed account/wrap-fee program. Additionally, we are not responsible for voting proxies that relate to assets held in any underlying client’s managed account/wrap fee account or the managed account/wrap fee programs’ compliance with applicable laws and regulations. Typically, we receive a portion of the wrap fee based on a percentage of the market value of the assets under management in the managed account/wrap fee program employing our model portfolio strategy.

However, our relationships with managed account/wrap-fee program sponsors may create conflicts of interest for the sponsors and us. A client in a managed account/wrap-fee program

has access to those investment advisers and investment strategies included in the program. Managed account/wrap-fee sponsors typically select the investment advisers and investment strategies available in the program and provide advice to clients regarding the selection of investment advisers and investment strategies. Although we currently do not place trade orders for any managed account wrap fee program, in hopes of gaining assets under management and thus, a higher fee, we may have an incentive to direct other brokerage transactions through an unaffiliated sponsor, who in turn has the power to recommend our investment strategy to program participants.

Banking Institutions

BNY Mellon engages in trust and investment business through the Bank. The Bank may provide certain services to us, such as recordkeeping, accounting, 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 Bank 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 affiliated employee benefit plans or foundations 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 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.

The Bank may provide transition management services, cash equitization and overlay and directed trading programs to our clients through BNY Mellon Beta and Transition Management ("MTM"), a division of The Bank. MTM will be compensated for those services. In connection with such services, MTM may trade equity securities through its affiliate, MBSC Securities Corporation, a registered broker-dealer, which (i) will receive compensation as introducing broker for the trades placed through it by MTM, and (ii) may execute such trades through other affiliates. Furthermore, MTM may place foreign exchange, fixed income, swap or other OTC trades through the trading desk of the Bank or other affiliates. In each case, MTM clients must consent to trading through MBSC, the Bank or other affiliates. Our clients may be solicited to use MTM services by us or other affiliates. We may provide certain services to MTM a (including, without limitation, trade operations and technology services). In 2011, we received a share in the financial success of MTM in exchange for such services. In 2012, and going forward, pursuant to a services agreement, MCM will receive direct compensation for such services.

Other Affiliated Services:

Certain corporate services, such as human resources, legal and finance, are provided to us by BNY Mellon or one of its affiliates. In addition, certain of our business support functions may be performed by employees of an overseas affiliate, BNY Mellon International Operations (India) Private Limited, located in Pune, India. The employees of this affiliate performing these support functions are dedicated solely to providing services to the Firm (including support functions that we may perform for MTM).

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 and may from time to time, invest in products managed by us or our related persons.

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 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.

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 “Preclearance Compliance Officer” who maintains a “restricted list” of companies whose securities are subject to trading restrictions. This list is used by the Preclearance 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

Principal 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. When an investment adviser engages in a principal transaction, it may have an incentive to favor its own interests over the interests of its client.

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, except as permitted by law. In addition, 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.

Cross Transactions:

Cross trades present conflicts, as there may be an incentive for an investment adviser to favor one client participating in the cross trade over the other. For example, if one client account pays performance fees to an investment adviser, the investment adviser would have a financial incentive to favor the performance fee paying account in the cross-trade.

We may utilize an internal crossing system in accordance with the United States Department of Labor's Prohibited Transaction Exemption 95-56 (the "Exemption"). Under the Exemption, we may cross-trade domestic and international equity and debt securities, including The Bank of

New York Mellon Corporation stock (but excluding The Bank of New York Mellon Corporation debt securities) between Indexed Accounts and various Large Accounts (as such terms are defined in the Exemption). Cross trading opportunities are identified through a proprietary crossing program and are allocated among potential buyers and sellers on a pro rata basis in accordance with the Exemption. We do not receive any compensation, and there is no fee charged to clients, for utilizing the BNY Mellon internal crossing system.

Transactions in Same Securities:

We or our affiliates may invest in the same securities that we or our affiliates recommend to clients. When we or an affiliate currently holds for our own benefit the same securities as a client, we could be viewed as having a potential conflict of interest. For example, we or our affiliate could be seen as harming the performance of the client's account for our own benefit if we short-sell the securities in our own account while holding the same securities long in the client account, causing the market value of the securities to move lower.

Interests in Recommended Securities/Products:

We or our affiliates may, in appropriate circumstances and in accordance with the client's investment objectives, recommend securities or investment products to clients in which we or a related party have a financial interest. For example, we may suggest participation in a collective investment fund maintained by the Bank. Certain collective investment funds are managed by our personnel in their roles as dual officers of the Bank; we receive a fee for such services and the Bank may also receive a custody fee. In addition, we provide certain non-discretionary services to certain of those collective investment funds. Generally, we use similar investment philosophy and policy for commingled portfolios and separately managed accounts. The client must approve the investment in a related fund.

On occasion, we may recommend the purchase or sale, or purchase or sell, securities that are issued by our affiliate, The Bank of New York Mellon Corporation, or underwritten by its affiliate, BNY Mellon Capital Markets, LLC, for client accounts if such recommendation or purchase or sale is in accordance with the client's guidelines. In addition, we or a related person may recommend the purchase of securities in certain private funds which we manage and for which we may serve as sole director or managing member. The firm, its employees, and our related persons currently invest in certain private funds or collective funds that may also include client assets managed by us, and we and such related persons will receive proportional returns associated with our investment. Additionally, we may receive an investment management fee in our capacity as investment adviser or sub-adviser and related persons (including affiliated broker-dealers) may receive certain amounts associated with placement agent fees, custodial fees, administrative fees, loads or sales charges.

Investments by Related Persons and Employees:

We and our existing and future employees, our board members, and our affiliates and their employees may from time to time invest in products managed by us. We have developed policies and procedures to address any conflicts of interest created by such investment. We are part of a large diversified financial organization that includes banks and broker-dealers. As a result, it is possible that a related person may, as principal, purchase securities or sell securities for itself that we also recommend to clients. We do permit our employees to invest for

their own account within the guidelines and restrictions of the Code of Ethics, as described above. *Please also see Item 10 for information regarding dual officers/employees and Item 12 with regard to purchases of securities in an offering where an affiliate acts as underwriter or a member of the underwriting syndicate.*

We or our affiliates may buy or sell securities for client accounts, at or about the same time that we or one of our affiliates buys or sells the same securities for a Proprietary Account (or the affiliate's own account). This practice may give rise to a variety of potential conflicts of interest, particularly with respect to aggregating, allocating and sequencing securities being purchased on both our (or our affiliate's) behalf and our clients' behalf. For example, we could have an incentive to cause clients to participate in an offering because we desire to participate in the offering on behalf of a Proprietary Account, and would otherwise be unable to meet the minimum purchase requirements. Likewise, we could have an incentive to cause our clients to participate in an offering to increase our overall allocation of securities in that offering, or to increase our ability to participate in future offerings by the same underwriter or issuer. On the other hand, we could have an incentive to cause our clients to minimize their participation in an offering that has limited availability so that we do not have to share a proportionately greater amount of the offering with the client. Allocations of aggregated trades might likewise raise a potential conflict of interest as we may have an incentive to allocate securities that are expected to increase in value to ourself. *See Item 12 for a discussion of our brokerage and allocations practices and policies.* Further, a potential conflict of interest could be viewed as arising if a transaction in a Proprietary Account closely precedes a transaction in related securities in a client account, such as when a subsequent purchase by a client account increases the value of securities that were previously purchased for ourselves.

Agency Transactions Involving Affiliated Brokers:

Neither we nor any of our officers or directors, acting as broker or agent, effects securities transactions for compensation for any client. We are part of a large diversified financial organization that includes broker-dealers. As a result, it is possible that a related person, other than the firm's officers and directors, may, as agent, effect securities transactions for our clients for compensation.

Please also see Item 10 and Item 12 for additional information relating to affiliate arrangements and with regard to purchases of securities in an offering where an affiliate acts as underwriter or a member of the underwriting. Please also see Schedule D, Section 7A of our Form ADV Part 1 for a list of broker-dealers which are our affiliates.

Item 12. Brokerage Practices

Broker Selection:

We generally have the discretion to determine the broker or brokers through which transactions will be executed for client accounts and the commission rates that will apply. In doing so, we seek best execution of such transactions. When seeking best execution, we consider the full range and quality of a broker-dealer's services including, among other things, value of research provided as well as execution capability, commission rate, financial responsibility, and

responsiveness to the Firm. We may also consider factors such as the willingness and ability to commit capital, the various markets and execution venues to which a particular transaction can be directed, broker's trading expertise, reputation and integrity, facilities, financial services offered, access to underwritten offerings and secondary markets, reliability both in executing trades and keeping records, fairness in resolving disputes and value provided. We may also consider other brokerage and research services provided by the broker-dealer.

We may cause client accounts to pay a broker-dealer executing securities transactions a commission higher than the commission another broker or dealer would have charged for executing that securities transaction, where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services and products provided by such broker-dealer.

Soft Dollars

Soft Dollars – Safe Harbor:

Section 28(e) of the Securities Exchange Act of 1934 provides a safe harbor (the "Safe Harbor") that allows an adviser to use dollars generated from brokerage commissions from client transactions ("soft dollars") to pay for brokerage and research services and products provided by broker-dealers or third parties. Under the Safe Harbor, a broker or dealer may be selected that provides, along with trade execution services, proprietary or third party brokerage and research services and products. Such services and products may include:

1. models and research databases;
2. company, industry and market analysis;
3. market data;
4. security exchange pricing and news services; and
5. independent or proprietary research.

Our Soft Dollar Program:

We have a soft dollar program for active equity clients. This means that we may place securities transactions on behalf of active equity clients through broker-dealers that provide, along with trade execution services, brokerage and research services and products ("Research Services") as defined in the Safe Harbor. We use soft dollar credits to pay for Research Services provided by independent third party vendors which provide assistance to us in our investment decision-making process. These Research Services may include, but are not limited to, analytical systems, research databases, advice as to the value of securities, reports concerning company, industry, market, asset allocation, economic and political analysis and similar research oriented information.

The use of client commissions to obtain Research Services benefits us because we will not have to produce or pay for research for which we would otherwise be obligated to pay. Therefore, we have an incentive to trade through broker-dealers who provide us soft dollars.

Further, certain Research Services received may benefit:

1. certain other accounts also under our management;
2. accounts of affiliates managed by our employees who are also employees or officers of such affiliates; or
3. nondiscretionary accounts of affiliates and accounts of affiliates over which we retain investment discretion.

Accordingly, non-discretionary accounts for which the Firm does not have authority to effect transactions and accounts that direct all or a portion of their trades to a designated broker-dealer may benefit from Research Services paid for by soft dollar credits generated by other accounts. Likewise, certain client accounts of affiliates are managed by our portfolio managers acting in “dual officer” or “dual employee” capacities. Because those clients, along with all other active equity clients, may benefit from the Research Services we receive, commissions generated by active equity accounts of those clients may, as noted above, also be used to pay for those Research Services.

Commissions:

While commission rates are individually negotiable on each trade, we have established commission rate guidelines. Actual commission rates may be higher or lower than indicated by the rate guidelines depending on the particular circumstances of a transaction including, for example, whether or not the underlying security is more or less difficult to trade relative to other securities, the quality of the execution justifies an adjustment to the commission rate or the broker commits capital or sources liquidity.. In no case will an order be placed with a broker-dealer if the broker-dealer is not able, in our judgment, to provide best execution for a particular transaction. The commission rates of client accounts that do not permit their brokerage commissions to be used to generate soft dollar credits are not reduced below the rates paid by client accounts which generate soft dollar credits.

Aggregation of Soft Dollar Credits:

We may also request brokers effecting transactions on behalf of active equity accounts to allocate a portion of the commissions to a pool of soft dollar credits maintained by a broker-dealer (other than the executing broker). We believe this type of arrangement helps support our ability to select the most appropriate broker-dealer for trade execution since the investment manager is not required to trade with any particular broker to generate sufficient soft dollars to pay for Research Services.

Other Services:

From time to time, we may receive certain accommodations or services from broker-dealers to assist in the trading process for all clients, free of charge. For example, such services may include access to proprietary electronic trading systems, pre or post-trade analytic systems, over-the-counter market data or optimizers. Additionally, broker-dealers through which we trade may provide us access to Capital Introduction Programs or educational conferences, for no charge. Capital Introduction Programs allow investment managers of private funds to offer such private funds or describe the private funds strategy to qualified customers of the broker-dealers. However, we do not enter into any agreements with, or make commitments to, any broker-dealer that would bind us to direct business or other compensation to such brokers in exchange for such

accommodation or services.

Mixed Use Research Services:

When we receive a Research Service that may also have a mixed use Research Service component, a potential conflict of interest may arise, since such Research Service may directly benefit us even though they are paid for by soft dollar credits generated by client commissions. In such situations, we will make a reasonable allocation of the cost of any mixed-use Research Service (so that the portion of the Research Service that provides assistance to our investment decision-making process will be paid for with soft dollar credits while the portion that does not will be paid for by the Firm in cash).

Other Brokerage Practices Conflicts of Interest:

In addition to conflicts of interest associated with soft dollars, the following brokerage practices may lead to an actual or potential conflict of interest when selecting broker-dealers to execute client trades:

1. receiving client referrals from a broker-dealer;
2. acting on a client's direction to use a particular broker-dealer; and
3. using affiliated broker-dealers.

Compensation for Client Referrals:

Please see Item 10 and Item 14 for information on compensation for client referrals.

Brokerage for Client Referrals:

We do not direct securities transactions to any broker-dealer in exchange for referral of investment management clients.

Trading Policies; Affiliated Brokers and Approved Broker List:

We maintain an Approved Broker List for various types of transactions from which we select broker-dealers and other counterparties to effect transactions for client accounts. We do not execute transactions through affiliated broker-dealers when we have the discretion to select the broker-dealer.

We have established a Trade Management Oversight Committee ("TMOC") which is responsible for evaluating our trade management policies and procedures and for making recommendations, when appropriate, to senior management to improve our trading practices and to mitigate conflicts of interests. When evaluating trading policies, procedures and broker-dealer selection, the TMOC may consider relevant factors such as changes in market forces, market fragmentation, liquidity and commission rates. The TMOC meets on a regular basis and consists of appropriate senior professionals from portfolio management, trading, operations and compliance.

Directed Brokerage:

In certain relationships, a client may wish to retain discretion over the broker-dealer or

counterparty selection and perhaps the commission rate for the purpose of executing either a portion of the transactions or all of the transactions to be effected by the Firm for such client account. Although we understand that our clients may have a desire to use brokerage commissions to pay consultants or vendors who provide them services or to use a broker-dealer located in a particular state or comply with a policy regarding emerging brokers, as a matter of general policy, we seek to limit the amount of the client directed brokerage arrangement. This policy is driven by our belief that these arrangements may result in additional costs to our clients and may adversely affect the performance of a client's account. We believe that the potential benefits derived from any directed brokerage, expense reimbursement or commission recapture program may be offset by (i) our inability to negotiate the same favorable commission rates as those obtained for clients who do not impose such restrictions, (ii) clients being unable to participate in certain block purchases or sales of securities, (iii) the broker's unwillingness to commit capital and (iv) other impediments to achieving best execution.

Those clients who direct brokerage should consider the following:

- We may not negotiate brokerage commissions with respect to transactions executed by the designated broker-dealer for the client's account.
- Orders for clients that direct brokerage may be placed separately from and after the completion of orders for non-directed accounts. To the extent that orders are placed after the orders for our other clients, the price of securities purchased or sold for such client accounts may be adversely affected.
- A client that directs brokerage may forego any benefit from savings on execution costs that we could obtain for clients through negotiating volume commission discounts on aggregated transactions.
- As a result of the foregoing, a client that directs brokerage may not receive best execution on transactions effected through the designated broker-dealer.
- As a result of these considerations, directed brokerage accounts may not generate returns equal to those of non-directed accounts.
- In addition, if applicable, conflicts may arise between the client's interest in receiving best execution on transactions effected for the client's account and our interest in receiving client referrals from the designated broker-dealer.

For clients that request us to use a designated broker-dealer subject to our obligation to seek best execution, we will treat the client's request to use the designated broker-dealer or other counterparty to execute securities transactions as a suggestion for the selection of the broker-dealer or other counterparty ("suggested brokerage"). However, there is no guarantee that we will be able to meet client's brokerage selection criteria. In addition, if a commission rate negotiated by a client with a designated broker-dealer is higher than the commission rate negotiated by us for our other accounts, the client's execution costs may be higher than those of our other clients and notwithstanding client's suggested brokerage direction (subject to our obligation to seek best execution which includes price, commission and other factors), client may not receive best execution.

For all of the reasons described herein, we believe that, typically, all clients benefit from being

included in aggregated trades for a particular security or instrument. In the case of both client "directed" and client "suggested" brokerage, the use of "step-out" transactions in certain circumstances may help us in seeking to meet the client's brokerage criteria (while ensuring that all accounts participating in the aggregated trade receive the same average price). In a step-out, we would instruct the executing broker-dealer to arrange for the designated broker-dealer to handle clearance and settlement of the transaction for all or a portion of an aggregated trade. In a step-out, the affected clients are assessed a commission only by the broker-dealer who clears the transaction. The executing broker-dealer receives compensation in the form of a commission with respect to the portion of the aggregated trade that was not "stepped-out" to the designated broker-dealer. The use of step-out trades can, in some instances, help ensure that clients that seek to direct brokerage are not disadvantaged by the inability to participate in aggregated transactions. However, step-out trades are accommodations by the executing broker-dealer and therefore, will not be available in all circumstances and cannot be relied upon. In addition, to the extent that a broker has committed capital to a trade, step-outs arrangements will not be available.

Account transactions typically arise in connection with two situations: (i) index and model changes, account rebalancing and corporate actions and (ii) cash flows. Changes in our portfolio management model or an index which an account tracks, account rebalancing and corporate actions often create a need to buy or sell the same security or instrument for multiple client accounts at the same time. Generally, in these cases, orders for all accounts in the affected style are aggregated so as not to disadvantage one client account over another. In addition, this approach normally provides a better opportunity to negotiate brokerage commissions and other costs. Thus, we will generally aggregate all of the orders for the same security or instrument to facilitate best execution, treat all clients fairly and reduce overall costs. This is particularly important for accounts tracking an index since purchase and sale prices will often be traded at the closing price mark in order to accurately replicate the timing of the index changes and may also involve a broker's commitment of capital. There may be more opportunities for orders resulting from cash flows to be handled individually and we will use reasonable efforts to trade through a client's designated broker-dealer if we believe best execution can be achieved. However, when a client's designated broker-dealer is utilized, due to the client's suggested brokerage direction, the client's orders may, in the ordinary course of business, be placed separately from and after orders for our other client's accounts. To the extent that orders for client's accounts are placed after orders for other clients, the price of securities or instruments purchased or sold may be adversely affected and the client's execution costs may be different, and in some cases, higher than those of our other clients.

In agreeing to follow a client's directed brokerage instruction, we are relying on the fact that it is the client's responsibility to ensure that (i) all services provided by the designated broker-dealer or other counterparty will solely benefit the client's account and using the designated broker-dealer or other counterparty is in the best interest of the client's account taking into consideration the services provided and (ii) the brokerage direction will not conflict with any fiduciary obligations of the persons acting for the client's account and if the account is subject to the provisions of ERISA, such direction will not cause the plan to engage in a prohibited transaction under ERISA.

Clients have the obligation to comply with any laws and regulations regarding their directed/suggested brokerage arrangements and to disclose any directed brokerage arrangements to any and all other affected persons and account beneficiaries as appropriate.

Trade Allocations; Aggregation of Orders:

We have adopted a policy designed to ensure fair treatment of all clients in situations where two or more client accounts participate simultaneously in a buy or sell program involving the same securities. We will seek to aggregate or "bunch" orders that are placed concurrently by a portfolio manager(s) for client accounts. Generally, pro rata allocation of the securities is used to ensure fairness. However, the policy recognizes that no rigid formula will always lead to a fair and reasonable result, and that a degree of flexibility to adjust to specific circumstances is necessary. Therefore, under certain circumstances, allocation on a basis other than strictly pro rata is permitted if it is believed that such allocation is fair and reasonable to all of the accounts that are involved in the order.

Exchange traded funds that we sub-advise for, that accept cash in lieu of stocks during a creation or redemption order are an exception to our aggregation policy. Because the risk of the trade is placed on the applicable Approved Provider ("AP") and not the fund, each order may be traded independently.

IPOs:

We may enter orders to participate in initial public offerings ("IPOs"). The Firm, in deciding allocation of an IPO among its clients, will generally allocate a partial fill on a pro rata basis. If the allocation to an account is de minimis, the portfolio manager may decide to reallocate to the other participating clients in a fair and reasonable fashion. Any deviation from the pro rata distribution procedure for IPOs must be approved in writing by the President of Investments and Finance or his designee.

Restrictions Applicable to Participation in IPOs:

The Bank of New York 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 an 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 our ERISA clients in order to avoid a violation of ERISA's prohibited transaction rules.

Item 13. Review of Accounts

Portfolio managers are primarily responsible for reviewing each of their accounts on a continuous basis. To assist portfolio managers with monitoring client investment guidelines, we have implemented Charles River Development ("CRD"), an automated compliance monitoring system, to check adherence with client stated guidelines and regulations. Compliance Associates monitor accounts daily on a batch basis with oversight from the Compliance Manager. Not all client or regulatory restrictions can be monitored on CRD, however those restrictions that cannot be monitored are either periodically manually verified by the Compliance Department or monitored by the applicable portfolio manager. All breaches, including those that occur as a result of market movements, are promptly followed up on and appropriate action is taken. All client restrictions are reviewed and signed off by Client Service Department personnel, portfolio managers and Compliance Department.

Verification of adherence to investment guidelines for participants in collective funds is administered through an internal review. Upon acceptance of a participant, a prompt review of the participant's objective is conducted to evaluate the participant's account assets against its stated investment guidelines.

Additionally, at least once every calendar year, reviews are performed to ascertain that account assets are appropriate, both individually and collectively, relative to the investment guidelines of the participant.

Transaction reports and performance summaries are provided to clients on a periodic basis, depending on the client's preference. These statements describe all assets held, the quantity and market price for each position and the market value of the account. Some clients may have special deadlines and needs, and as such may request custom reports in addition to those statements which a client receives from its custodian. We have established a Client Reporting Department in order to facilitate these custom requests, which may be agreed to at our discretion.

Item 14. Client Referrals and Other Compensation

Unaffiliated Solicitors and Placement Agents

We may hire third parties to solicit new investment advisory clients. The commissions or fees, if any, payable to such solicitors (also referred to as placement agents) with respect to solicitation of investments with us 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. The prospect of receiving solicitation/placement 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. Any such arrangement would comply with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940.

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. For example, we may pay a referral fee to the Bank, or an employee of the Bank. *Please see the discussion of affiliated placement agents in Item 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 our sales representatives or other 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 Asset Management Group are paid for intra-Group referrals to their counterparts. Those fees are based on the first year's revenue for the new Group.

Sales of any alternative investment products (such as private funds) in the U.S. are effected exclusively through our broker-dealer affiliate. Only registered representatives of such broker-dealer receive compensation for sales of alternative investments. For sales outside of the U.S. of our private funds and investment advisory services, we may make payments to affiliates.

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 other Group. The fees may be based on revenues and may provide for a one-time payment or multiple payments over a number of years.

We and our affiliates also participate in the BNY Mellon 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 we have the ability to deduct fees from client custodial accounts, client funds or securities are held by the Bank (a related person of the Firm), and/or we serve as a sole director or managing member of investment funds organized as limited partnerships or limited liability companies.

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.

The firm will rely upon this exemption to avoid a surprise audit for certain clients.

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."

The firm will rely upon this exemption to avoid a surprise audit for certain clients. We have determined that our operations are independent from those of the Bank.

3. Pooled Investment Vehicles: advisers deemed to have custody of the assets of clients formed as pooled investment vehicles will not be subject to the Surprise Exam Requirement, provided the pool has audited financial statements that are prepared in accordance with generally accepted accounting principles and such statements are distributed to investors in the pool within 120 days (or 180 days for funds of funds) at the end of the fiscal year.

The firm will rely upon this exemption to avoid a surprise audit for certain clients.

Stand Alone Account Clients: 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.**

Pooled Investment Vehicle Clients: you will receive audited financial statements prepared in accordance with generally accepted accounting principles and audited by an independent public accountant within 120 days of the end of the fiscal year of the pooled investment vehicle.

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 a contract or other writing and/or through an appointment to become the investment adviser of a private fund. 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 upon our agreement to abide by them, we will adhere to such guidelines and restrictions when making investment decisions.

Item 17. Voting Client Securities

We may be granted authority to vote proxies of the securities held in our clients' accounts. In that case, 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. This is 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, any related procedures, 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. Please contact your Client Service Representative or Relationship Manager for such information or any question you may have.

Those clients who have not granted us authority to vote proxies should consult with their custodian to ensure that they will receive applicable proxy information.

Item 18. Financial Information

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

In certain circumstances, registered investment advisers are required to provide you with financial information or disclosures about their financial condition in this Item. Mellon Capital 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.

Item 19. Additional Supplemental Information

Class Actions: Litigation

It is our policy that we do not advise, initiate or take any other action on behalf of clients relating to securities held in the client's account managed by us in any legal proceeding (including, without limitation, class actions, class action settlements and bankruptcies). We do not file proofs of claims relating to securities held in the client's account and do not notify the client or the client's custodian of class action settlements or bankruptcies relating in any way to such account. Typically, custodians submit filings in connection with class action settlements and may also handle bankruptcy filings. Each client should consult with its custodian and other service providers to ensure such coverage.

Privacy Policy

Our privacy policy applies to individuals who obtain investment management services for personal, family, or household purposes, or have done so in the past, from us. The policy may be amended at any time. We will notify customers of changes as required by law. We maintain physical, electronic and procedural safeguards that comply with federal regulations to guard nonpublic information. We are careful to limit access to nonpublic information. Our employees have access to customer information based on their responsibilities. This access enables them to assist in completing transactions and resolving any customer service issues that may arise. We may collect nonpublic personal information about customers from account opening documentation and transactions with us. We do not share information subject to the privacy policy with anyone, except as authorized by the customer or permitted by law.