



Part 2 of Form ADV

Item 1. Cover Page

Urdang Securities Management, Inc.
630 W. Germantown Pike, Suite 300
Plymouth Meeting, PA 19462

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

This brochure provides information about the qualifications and business practices of Urdang Securities Management, Inc. If you have any questions about the contents of this brochure, please contact us at (610) 834-9500 or mail at 630 West Germantown Pike, Suite 300, Plymouth Meeting, PA 19462. Please visit our website at www.urdang.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Urdang Securities Management, Inc. is registered with the SEC as an investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Urdang Securities Management, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Summary of Material Changes

The following is a summary of our material change made since our last annual update dated March 31, 2011:

Item 9 has been updated in order to disclose recent civil and administrative complaints against the Bank of New York Mellon Corporation, the ultimate parent company of Urdang Securities Management, Inc., concerning its standing instruction foreign exchange services. Urdang Securities Management, Inc. is not a defendant in any of the complaints or actions described in Item 9.

Item 3. Table of Contents

Item 1. Cover Page	1
Item 2. Summary of Material Changes	2
Item 3. Table of Contents	3
Item 4. Advisory Business	4
Item 5. Fees and Compensation	6
Item 6. Performance Fees and Side-by-Side Management	9
Item 7. Types of Clients	12
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	13
Item 9. Disciplinary Information	19
Item 10. Other Financial Industry Activities and Affiliations	19
Item 11. Code of Ethics, Participation or Interest in Client Transactions, Personal Trading	24
Item 12. Brokerage Practices	28
Item 13. Review of Accounts	33
Item 14. Client Referrals and Other Compensation	33
Item 15. Custody	34
Item 16. Investment Discretion	35
Item 17. Voting Client Securities	35
Item 18. Financial Information	36

Item 4. Advisory Business

Urdang Securities Management, Inc. (the “Firm” or “We” or “Us”) is a corporation organized under the laws of the State of Pennsylvania. The Firm is a wholly-owned subsidiary of Urdang Capital Management, Inc. (“UCM”). UCM is a wholly-owned subsidiary of The Bank of New York Mellon Corporation (“BNY Mellon”). We were organized and have been providing investment advisory services since July 1995. We provide discretionary and non-discretionary investment advisory services to institutional and high net worth investors in the form of separate accounts and pooled investment vehicles which includes funds that are either registered (also known as mutual funds) or exempt from registration (also known as private funds) in the United States. We also provide our services to other investment advisers through subadvisory agreements. The Firm’s business is not limited to U.S. clients and U.S. operations and may be subject to foreign registration and regulation. *Please see Item 7 for more information about types of clients we manage.*

The Firm provides advisory services to its clients through investment in a diversified portfolio of publicly traded real estate related securities of companies whose principal business is the ownership, management and/or development of income producing and for-sale real estate. These companies include listed real estate investment trusts (“REITs”) and listed real estate operating companies (“REOCs”). Our primary investment objective is total return, consisting of dividends and capital appreciation. Our three main strategies include investment in (1) U.S. real estate securities, (2) Global real estate securities and (3) Global Ex-U.S. real estate securities. *Please see Item 8 for more information about our strategies.*

Typically, we 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 the Firm. When creating investment guidelines, clients may impose investment restrictions in certain individual securities or types of securities. Our U.S., Global, and Global Ex-U.S. strategies are generally 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 resulting in investment performance that differs from that of the model and other client accounts.

We also offer investment advisory services to pooled investment vehicles including mutual funds and private funds. Each pooled investment vehicle 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 pooled investment vehicles to meet individual investor needs. In addition, we cannot impose individual investment restrictions on our investment strategies for underlying investors in the pooled investment vehicles. Our investment advisory services provided to pooled investment vehicles may be in the form of subadvisory agreements.

If consistent with the client's investment objective, we may invest certain eligible client assets in collective funds for which BNY Mellon serves as trustee, adviser, and account custodian ("BNYM Collective Funds"). *Please also see Item 10 (Dual Officers and Employees).* The BNYM Collective Funds are further described in Schedule A of the applicable BNYM Collective Funds plan documents, which are available upon request.

The Firm also provides portfolio management services for one client that participates in a managed account/wrap fee program with a broker-dealer. The Firm does not act as a sponsor to any managed account/wrap-fee program. While the services we provide are the same as our other clients including managing the account to a model portfolio strategy, as a result of this arrangement, trades for this client are directed to the managed account/wrap fee broker-dealer. We receive a fee based on a percentage of the market value of the assets managed for the client account.

The Firm manages client accounts pursuant to a written investment management agreement. The Firm utilizes a standard investment management agreement, although the Firm may negotiate an agreement using a client's standard form.

As of December 31, 2011, we managed \$2.8 billion on a discretionary basis and \$104.6 million on a non-discretionary basis. In addition to the assets managed on behalf of the Firm, discretionary portfolios in the amount of \$260.3 million as of December 31, 2011 are managed by certain officers of our Firm in their capacity as dual officers of The Bank of New York Mellon, an affiliated New York chartered bank ("Bank"), on behalf of the BNYM Collective Funds.

Item 5. Fees and Compensation

Separate Account Fees: We provide investment advisory services to separate account clients for a fee. This fee is typically charged as a percentage of an account's assets under our management. While this fee is typically expressed as an annual percentage, it is calculated based on the average market value of the account's securities portfolio held during the quarter. The market values are generally based on the client's custodian values. Fees are generally billed on a quarterly basis in arrears. A client's investment advisory agreement will provide further information on how we charge and collect fees. *Please see Item 12 of this brochure for more information on our brokerage practices.*

A representative fee schedule based on the type of strategy is as follows:

<u>Asset Size</u>	<u>U.S.</u>	<u>Global/Global Ex-U.S.</u>
0-\$10 million	.85%/yr	1.10%/yr
\$10-\$50 million	.65%/yr	.90%/yr
\$50-\$100 million	.50%/yr	.75%/yr
Over \$100 million	.45%/yr	.70%/yr

Fees for advisory services may be pro-rated for partial periods and for client contributions or withdrawals.

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

We may negotiate with a client for inclusion of a performance fee in the investment advisory agreement in addition to the asset based management fee. *Please see Item 6 below for more information on our performance fees.*

Private Fund Fees: The Firm offers a Delaware Limited Partnership structure in its global real estate strategy. The standard fee schedule for the Firm's private fund (exempt from registration in the United States), is as follows:

<u>Asset Size</u>	
0-\$10 million	1.00%/yr
\$10-\$50 million	.80%/yr
\$50-\$100 million	.65%/yr
Over \$100 million	.60%/yr

Fees are calculated based on each underlying investor's capital account balance and are charged quarterly in arrears. The fund permits each investor to select whether it would like fees to be deducted automatically from its capital account balance or billed separately. Private funds that we manage may also be subject to additional charges such as custody, brokerage and other transaction costs, administrative, professional (audit and tax preparation fees) and other expenses. Such additional charges are paid by the fund. A fee also may be charged on the full or partial redemption by an investor, subject to the discretion of the affiliated general partner of the fund. Any separate arrangements with investors, such as separately negotiated fee arrangements, are subject to a written letter agreement ("Side Letter") between the private fund and the investor. Such arrangements will cause some underlying investors or groups of investors to have terms or to pay fees that are different from the basic fee schedules disclosed in fund offering materials. Please see the fund's offering materials for further information regarding fees and other charges. *Please see Item 12 of this brochure for more information on brokerage practices.*

Mutual Fund and Subadvisory Fees:

The Firm provides advisory services to mutual funds (pooled investments that are registered in the United States) and to other pooled funds and investment advisers through investment advisory or subadvisory agreements. Our fee is negotiated with the respective fund's named investment adviser or sponsor.

Fees on mutual funds and other pooled funds are typically charged as a percentage of assets under our management. While this fee is typically expressed as an annual percentage, it is generally calculated based on the daily average market value of the fund's securities portfolio held during the quarter. The daily average market values are generally computed by the mutual fund's service provider. Fees are generally billed on a quarterly basis in arrears. The investment advisory or subadvisory agreement will provide further information on how we charge and collect fees. *Please see Item 12 of this brochure for more information on our brokerage practices.*

We reserve the right, in our sole discretion, to negotiate or modify (either up or down) the basic fee schedule for any fund client due to a variety of factors, including but not limited to: the level of reporting and administrative operations required to service an account, the investment strategy or style, the number of portfolios or accounts involved, and/or the number and types of services provided by the Firm. Because our fees are negotiable, the actual fee paid by any client or group of clients may be different from the fees reflected in our basic fee schedule set forth above.

We may negotiate with a subadvisory client for inclusion of a performance fee in the investment advisory agreement in addition to the asset based management fee. *Please see Item 6 below for more information on our performance fees.*

Collective Fund Fees:

Certain of our employees act as officers of the Bank, for the purpose of performing investment management and related functions. In their capacities as officers of the Bank, these Firm personnel provide discretionary investment advisory services to BNYM Collective Funds and we receive a fee for such services. BNYM Collective Funds we manage as dual officers typically charge each client who invests in them a base management fee as a percent of the market value of the account as determined by the custodian; although performance fees may also apply. Fees are calculated based on month end value, quarter end value, 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. 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). Fees are generally negotiable with each investor. This may mean that some clients pay fees that differ from the fees paid by other clients.

In addition, transaction costs may be borne by clients in connection with their contribution to, or withdrawals from, the BNYM Collective Funds. A client account will indirectly bear these fees and expenses as an investor in BNYM Collective Funds and, as a result, a client may bear higher expenses than if the client invested directly in the securities held by the BNYM Collective Funds.

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

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

An incentive fee may be earned annually depending on the percentage return on a client's portfolio over a designated holding period relative to a specified index. We have entered into performance based fee arrangements with separate account clients. These arrangements provide for an asset based management fee, based on the average market value of a portfolio, plus a performance fee based on the portfolio's gross or net return in excess of a specified benchmark during a designated period of time. A client with a performance fee arrangement should refer to its investment management agreement for details on the performance fee computation.

Performance-based fee arrangements are only available to qualified clients, in accordance with Rule 205-3 of the Investment Advisers Act of 1940.

"Side-by-side management" refers to our simultaneous management of multiple types of client accounts/investment products. For example, we manage separate accounts and pooled investment vehicles (including a private fund) through investment management and subadvisory agreements 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 and pooled investment vehicles. *Please see Item 10 for more information on our affiliated investment advisers.*

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. When we and our affiliates concurrently manage client accounts/ investment products, and particularly when dual officers are involved, this presents the same conflicts as described below. *Please see Item 10 for more information on our dual officer arrangements.*

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

Conflicts of Interest Relating to Accounts with Different Strategies

During the normal course of managing assets for multiple clients of varying types and asset levels, portfolio managers of the Firm (“Portfolio Managers”) may encounter conflicts of interest. Management of multiple funds and accounts may create potential conflicts of interest relating to the allocation of investment opportunities, and the aggregation and allocation of client trades. Additionally, a Portfolio Manager may manage client accounts with varying fee structures. Portfolio Managers oversee the investment of various types of accounts in the same strategy, such as mutual funds, pooled investment vehicles and separate accounts for individuals and institutions. Investment decisions generally are applied to all accounts utilizing that particular strategy, taking into consideration client restrictions, instructions and individual needs. *Please see Item 12 of this brochure for more information on our brokerage practices.*

In addition, we and our affiliates manage numerous accounts with a variety of strategies, which may present conflicts of interest. *Please see Item 10 for further information about such conflicts.*

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 see Item 12 of this brochure 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. 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. *Please see Item 12 for further information about such conflicts.*

Conflicts of Interest Relating to “Proprietary Accounts”

We, our affiliates, and our existing and future employees may from time to time manage and/or invest in products managed by the Firm and we or affiliates 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 may create conflicts of interest. We have an incentive to favor these Proprietary Accounts by, for example, 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. *Please see Item 12 of this brochure for more information on our brokerage practices.*

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, the Firm or its affiliates may seek to perform investment banking and other financial services for, and will in such cases expect to receive compensation from, companies in which the Firm invests on behalf of clients in connection with transactions related to those investments or otherwise. This compensation could include financial advisory fees, as well as underwriting, placement or trailer fees, financing or commitment fees, and brokerage fees.

The firm or its affiliates may have an incentive to cause investments to be made, managed or realized in seeking to earn compensation or advance the interests of one client over another. *Please see Item 10 of this brochure for more information on other financial industry activities and affiliations.*

Item 7. Types of Clients

Type of Clients: We provide advisory services to clients and investors including high net worth individuals, proprietary accounts, banks or thrift institutions, corporate pension and profit sharing plans, public/ governmental pension plans, Taft-Hartley plans, 401(k) Plans, trusts, charitable institutions, foundations, endowments, municipalities, U.S. registered investment companies, U.S. private investment funds, UCITS, other non-US regulated funds, separate accounts, and other U.S. and international institutions.

Account Requirements: We require clients to execute a written investment management agreement with us, granting us authority to manage their assets. Generally, client accounts are subject to minimum account sizes which vary depending upon the strategy of the account.

<u>Account Strategy</u>	<u>Minimum Account Size</u>
U.S. Real Estate Securities	\$5 Million
Global Real Estate Securities	\$10 Million
Global Ex-U.S. Real Estate Securities	\$10 Million

Pooled investment vehicles are generally subject to a \$1 million minimum account size, regardless of particular strategy. Please refer to the offering documents of such funds for more information.

We reserve the right to waive the minimum account size requirements.

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

We invest in global equity securities of companies in the real estate industry, including real estate investment trusts (“REITs”), real estate operating companies (“REOCs”) and similar entities located in various countries throughout the world, including emerging market countries. We employ long-only strategies and do not invest in derivatives.

Our three main strategies are:

1. U.S. Real Estate Securities
2. Global (all countries) Real Estate securities
3. Global Ex-US (all countries except the U.S.) Real Estate Securities

Our investment approach is uniform across all strategies and includes top-down market/country selection and bottom-up underwriting of real estate companies. The bottom-up underwriting includes a review of company management teams, its strategies, and the company’s real estate assets and related valuations.

We invest substantially all client assets in real estate securities and generally hold less than 5% in cash.

Our investment approach and related strategy offerings invest 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. 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 the Firm’s private fund.

Risk Type	U.S. Real Estate Securities	Global Real Estate Securities	Global Ex-U.S. Real Estate Securities
General risks	X	X	X
Clearance and settlement risk		X	X
Concentration risk	X	X	X
Country and sector allocation risk	X	X	X
Emerging market risk		X	X
Exchange traded fund (ETF) risk	X	X	X
Foreign currency risk		X	X
Foreign investment risk		X	X
IPO risk	X	X	X
Liquidity risk	X	X	X
Market risk	X	X	X
Real estate risks	X	X	X
Small and midsize company risk	X	X	X
Stock investing risk	X	X	X
Warrants and rights risk		X	X

General risks. Investing in securities involves risk of loss that you should be prepared to bear. We do not guarantee or represent that our investment program will be successful. Our past results are not necessarily indicative of our future performance and our investment results may vary over time. We cannot assure you that our investments of your money will be profitable, and in fact, you could incur substantial losses. Your investments with us are not a bank deposit and are not insured or guaranteed by the FDIC or any other government agency.

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.

Concentration risk. The risk of investing may be intensified because the investments may be concentrated in securities of a limited number of issuers. As a result, the performance of a particular investment or a small group of investments may affect a client account performance more than it would if the account held securities of a larger number of issuers.

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.

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 on 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.

Exchange-traded fund (ETF) risk. ETFs in which a 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. Certain investment in securities of non-U.S. issuers, including underlying securities represented by depositary receipts, will be denominated in foreign currencies. As a result, changes in the value of a country's currency compared to the U.S. dollar may affect the value of investments. These changes may happen separately from, and in response to, events that do not otherwise affect the value of the security in the issuer's home country. The Firm does not employ strategies to hedge against currency risk. In addition, certain market conditions may make it impossible or uneconomical to hedge against currency risk. Also, certain foreign countries may impose restrictions on the ability of issuers of foreign securities to make payment of principal and interest to investors located outside of the country, due to blockages of foreign currency exchange or otherwise.

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. The Firm will invest in securities of non-U.S. issuers. Investments in non-U.S. securities often are subject to risks generally viewed as not present in the United States, and may include, among others, varying custody, brokerage and settlement practices; difficulty in pricing of securities; less public information about issuers of non-U.S. securities; less governmental regulation and supervision of the issuance and trading of securities; the lack of availability of financial information regarding a non-U.S. issuer or the difficulty of interpreting financial information prepared under non-U.S. accounting standards; less liquidity and more volatility in non-U.S. securities markets; the possibility of expropriation or nationalization; the imposition of withholding and other taxes; adverse political, social or diplomatic developments; limitations on the movement of funds or other assets between different countries; difficulties in invoking legal process abroad and enforcing contractual obligations; and the difficulty of assessing economic trends in non-U.S. countries.

Investment in markets outside the United States typically also involves higher brokerage and custodial expenses than does investments in U.S. markets and may include local fees and taxes. Risks associated with investing in non-U.S. securities may be greater with respect to those issued by companies located in emerging industrialized or less developed countries.

IPO risk. The Firm may purchase securities of companies in an initial public offering (“IPO”) or shortly thereafter. Special risks associated with these securities may include a limited number of securities available for trading, unseasoned trading, lack of investor knowledge of the company and limited operating history. These factors may contribute to substantial price volatility for the securities of these companies. The limited number of securities available for trading in some initial public offerings may make it more difficult for the Firm to buy or sell significant amounts of securities without an unfavorable impact on prevailing market prices. In addition, some real estate companies in initial public offerings may have limited operating histories, may be undercapitalized and may not have invested in or experienced a full market cycle.

Liquidity risk. The Firm may, and as permitted by investment advisory agreements, invest in restricted securities and other investments that are illiquid. Restricted securities are securities that may not be sold to the public without an effective registration statement under the Securities Act or, if they are unregistered, may be sold only in a privately negotiated transaction or pursuant to an exemption from registration under the Securities Act. Where registration is required to sell a security, the Firm may be obligated to pay all or part of the registration expenses, and a considerable period of time may elapse between the decision to sell and the time the Firm may be permitted to sell a security under an effective registration statement. If, during such a period, adverse market conditions were to develop, the Firm might obtain a less favorable price than the prevailing price when it decided to sell.

Restricted securities for which no market exists and other illiquid investments are valued at fair value as determined in accordance with procedures approved and periodically reviewed by the Firm. The Firm may be unable to sell restricted and other illiquid securities at the most opportune times or at prices approximating the value at which the Fund purchased such securities. 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.

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.

Real estate risks. Real estate securities involve 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. Changes in interest rates may also affect the value of real estate securities.

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. Certain real estate securities have a relatively small market capitalization, which may tend to increase the volatility of the market price of these securities. Further, REITs are highly dependent upon specialized management skill, have limited diversification and are, therefore, subject to risks inherent in operating and financing a limited number of projects.

REITs also are subject to heavy cash flow dependency and to defaults by borrowers or lessees. In addition, REITs are subject to the possibility of failing to qualify for tax-free pass-through of income under the Internal Revenue Code and maintaining exemption from the registration requirements of 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.

Small and midsize company risk. The Firm may invest in real estate securities of small and midsize companies. Investments in 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.

Warrants and rights risk. Warrants and rights may be received relating to certain securities. Warrants and rights may become worthless if the price of the stock does not rise above the exercise price by the expiration date. This increases the market risks of warrants and rights as compared to the underlying security.

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

The Firm has no legal or disciplinary events to report.

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

Several State Attorney General's Offices, the U.S. Attorney's Office for the Southern District of New York and certain individual plaintiffs have filed civil complaints against the Bank of New York Mellon Corporation ("BNY Mellon"), the ultimate parent company of the Firm. Certain of these complaints supercede 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

The Firm is a wholly-owned subsidiary of Urdang Capital Management, Inc. ("UCM"). UCM is a registered investment adviser with the SEC; however, it does not provide investment advisory services to the Firm. UCM focuses generally on private real estate which generally does not conflict with services provided by the Firm. Certain senior management executives are the same for the Firm and UCM. Additionally, the Firm and UCM share support services such as sales and marketing, accounting and reporting, and compliance.

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.

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 transactions.

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 Solicitors and Placement Agents

We have entered into a fee sharing agreement with offshore affiliates, BNY Mellon Asset Management International Limited Companies, to solicit clients that may invest in the Firm's strategies through private funds or separate accounts. In addition, our sales representatives and sales representatives of our affiliates within the BNY Mellon Investment Management Group may be paid for client referrals. *Please see Item 14 for more information on the compensation arrangements related to client referrals.*

We do not use unaffiliated placement agents. We have an affiliated "placement agent," MBSC Securities Corporation, who may solicit persons to invest in the Firm's sponsored private fund, and may also provide other administrative services. The private fund and the Firm have entered into an agreement with the placement agent 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 and they will not be borne by the private fund or private fund 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 agent and their employees and/or salespersons to steer investors toward the private fund that will generate higher commissions and fees.

Our sales and 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 the private fund managed by us. 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, 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 collective investment funds of the Bank and we receive a fee for such services.

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.

Affiliated Broker-Dealers and Investment Advisers

The Firm is a wholly-owned subsidiary of UCM. UCM provides investment advisory services for private real estate investments which generally does not conflict with services provided by the Firm. In addition, we are affiliated with a significant number of advisers and broker/dealers. *Please see Form ADV, Part I - Schedule D, Section 7A for a list of our affiliated advisers and broker-dealers.*

Where we select the broker to effect purchases or sales of securities for client accounts, we may use either an affiliated or unaffiliated broker (unless otherwise restricted by an agreement, law or regulation), but we generally do not use an affiliated broker for purchases or sales of securities. We may have an incentive to enter into transactions with an affiliated broker-dealer, in an effort to direct more commission dollars to its affiliate.

We have broker selection policies in place that require our selection of a broker-dealer to be consistent with its duties of best execution, and subject to any client and regulatory proscriptions. *Please see Item 12 for more information on our broker selection process.*

Affiliated Underwriters

Our Broker-dealer affiliates occasionally act as underwriter or as a member of the underwriting syndicate for certain new issue securities, which may create an incentive for us to purchase these new issue securities, in an effort to provide additional fees to the broker-dealer affiliate. BNY Mellon has established a policy regarding purchases of securities in an offering in which an affiliate acts as an underwriter or as a member of the underwriting syndicate. In compliance with applicable banking, securities and ERISA regulations, we may purchase on behalf of our clients securities in an offering in which an affiliate is acting as an underwriter or as a member of the underwriting syndicate during the syndication period, so long as 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.

Affiliated Private Funds and Sponsors

As discussed in Items 4-8 above, we act as investment adviser to a private fund. An affiliated entity of the Firm, ultimately controlled by BNY Mellon, is the sponsor and general partner of the private fund. The affiliated general partner of the Firm's private fund as well as the related conflicts of interest are disclosed to underlying investors before they invest. Management persons of the affiliated general partner may have conflicts of interest in allocating their time and service among such fund and other clients of the Firm. Please see the private fund's offering materials for further information regarding such conflicts.

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

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

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

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

- 1) Conflicts of Interest: gifts, entertainment and other payments; personal conflicts of interest; fiduciary appointments and bequests; outside affiliations, outside employment and certain outside compensation issues; and disclosure of relationships and transactions;
- 2) Proper Use and Care of Information and Proper Recordkeeping: proprietary information and intellectual property; data integrity and corporate information; use of e-mail and internet; accurate accounting and internal controls; use of non-public or “inside” information; talking to the media; and document retention;
- 3) Dealing with Customers, Prospects, Suppliers, and Competitors: business relationships with customers, prospects, suppliers, and competitors; business decisions; exploitation of relationships and use of the company’s name, letterhead or facilities; knowing your customer; and recognizing and reporting illegal, suspicious, or unusual activities;
- 4) Doing Business With the Government: complying with government contracts, government contracting laws and regulations; integrity in the sales and marketing process; truthful, accurate statements and recordkeeping; safeguarding government information and property; cooperating with government audits and investigations; and meeting employment and labor obligations;
- 5) Personal Finances: personal investments; personal brokerage accounts; political campaign contributions; contributions to not-for-profit entities; and individual employees’ regulatory requirements; and
- 6) Compliance with the Law: among other matters illegal or criminal activities; investigations; and protection of company assets.

The PSTP is designed to reinforce our reputation for integrity by avoiding even the appearance of impropriety and to ensure compliance with applicable laws in the conduct of our business. The PSTP sets forth procedures and limitations that govern the personal securities transactions of our employees in accounts held in their own names as well as accounts in which they have indirect ownership.

We, and our related persons and employees, may, under certain circumstances and consistent with the PSTP, purchase or sell for their own accounts securities that we also recommend to clients. The PSTP imposes different requirements and limitations on employees based on the nature of their business activities for the Firm. Each of our employees is classified as one of the following:

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

PSTP Overview:

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

- 4) We have a “Peclearance Compliance Officer” who maintains a “restricted list” of companies whose securities are subject to trading restrictions. This list is used by the Peclearance Compliance Officer to determine whether or not to grant trading authorization;
- 5) The acquisition of any securities in a private placement requires prior written approvals;
- 6) With respect to transactions involving BNY Mellon Company securities (“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.

As an additional control measure, employees of UCM and the Firm that are designated as ADMs and IEs are prohibited from holding securities in discretionary accounts that are part of the Firm’s universe of investable real estate public securities. A restricted security list serves to prohibit AMD and IE peclearance of restricted real estate securities.

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

Interest in Client Transactions:

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

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

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

We do not engage in cross transactions.

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.

We or our affiliates may recommend securities to clients, or 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 our (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 its affiliate's) behalf and our clients' behalf. For example, we could have an incentive to cause a client or clients to participate in an offering because we desire to participate in the offering on our own behalf, 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 to 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 our benefit. *See Item 12 for a discussion of our brokerage and trade allocation practices and policies.*

Further, a potential conflict of interest could be viewed as arising if a transaction in our own 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 ourself. However, the Firm does not have direct or indirect access to securities held by our affiliates nor the power to buy or sell securities on behalf of our affiliates, which may be also held in our client accounts.

Item 12. Brokerage Practices

The Firm generally has the authority to determine the securities to be bought or sold and the amount of such securities to be bought or sold on behalf of its discretionary clients. Limitations on authority are provided in client specified investment objectives, guidelines, and restrictions. In these cases, we have the authority to direct securities transactions on behalf of our clients to broker-dealers we select. These guidelines may be changed by the client upon written notice.

The Firm may also provide non-discretionary advice. For example, we may recommend securities to be bought or sold and have trades placed directly by the client with a broker of the client's selection.

Discretionary client accounts with similar investment mandates are managed in accordance with models for a given strategy, subject to any restrictions or guidelines unique to a client account. Portfolio Managers determine the desired security holdings for each investment model. Investment decisions related to each model are generally implemented across accounts managed for a similar strategy in accordance with the particular model. There may be instances where the same security is bought or sold on the same day across one or more strategies. Generally, the clients in a given strategy will receive the average share price of securities bought or sold which may be higher or lower than the same securities bought or sold for another strategy.

Broker Selection:

As noted above, the Firm generally has authority to direct securities transactions on behalf of our clients to broker-dealers we select. 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, commission rates, a broker's trading expertise, reputation and integrity, financial services offered, willingness and ability to commit capital, access to under-written offerings, reliability both in executing trades and keeping records, fairness in resolving disputes, execution capability, financial responsibility and responsiveness to the Firm. We may also consider other brokerage and research services provided by the broker-dealer. The Firm will also consider execution-only automated trading systems.

Commission Rates:

While commission rates are negotiated on each trade, the Firm has instituted commission rate guidelines for execution-only, full-service brokers (who provide research and execution services) and electronic venues which indicate an appropriate commission rate based on the price of the stock, particular broker utilized, or type of transaction. Actual commission rates may vary from the commission rate guidelines.

Soft Dollar Arrangements:

In the selection of qualified brokers to execute certain transactions, a broker or dealer may be selected that provides, along with trade execution services, brokerage and research services and products as defined in Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) of the Securities Exchange Act of 1934 provides a safe harbor that allows an adviser to use dollars generated from brokerage commissions from client transactions (“soft dollars”). In a soft dollar arrangement, an investment adviser receives credit from a brokerage firm based on the commissions paid by the adviser’s clients. The adviser uses these credits to pay for broker and research services and products, which may be provided by the broker or a third party. In selecting a broker-dealer for a transaction and in an effort to seek best execution, the Firm may consider the provision of research and/or brokerage services as one of the determining factors. Proprietary broker research may not have an identifiable value and is provided based on total trading activity of the Firm.

In general, the Firm receives a limited amount of research and brokerage services through soft dollar arrangements. Research and brokerage services that may be obtained by the Firm include, but are not limited to:

- Advice from broker-dealers regarding order execution, market commentary, or liquidity;
- Brokerage routing systems to effect securities transactions such as Omgeo;
- Market data (such as stock quotes, trading volumes, and other pricing services that may be provided by Bloomberg), economic data, index and benchmark data, company research reports, and discussions with research analysts and meetings with corporate executives.

We may cause client accounts to pay a broker or dealer executing securities transactions a commission higher than the commission another broker or dealer could 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 research services and products provided by such broker-dealer.

The Firm may make a mixed use allocation for certain research services, although it currently does not utilize mixed-use services. The percentage of the cost of the product or service that is used for research purposes may be paid for with client commissions, while the Firm will use its own funds to pay for the percentage of the product or service that is used for non-research purposes.

For such mixed use items, the Firm makes a good faith allocation between research and non-research uses of the products or services. In making its good faith allocation, the Firm faces a potential conflict of interest, but believes that its allocation procedures are reasonably designed to ensure that it appropriately allocates the anticipated use of such products and services to their research and non-research uses.

The use of client commissions to obtain research services and products is used by the Firm to service all client accounts. Research services furnished or paid for by brokers through whom the Firm effects transactions for a particular account may be used by the Firm for the benefit of other accounts, and it is possible in some cases that none of the research services paid for by a given account will actually benefit that account. Not all client accounts permit the use of soft dollar arrangements and it is therefore possible that some of the research and brokerage services received may benefit clients other than those client accounts that generated soft dollar credits.

Certain client assets of affiliates are managed by our portfolio managers acting in a “dual officer” capacity. Because those clients may benefit from the services and products we receive from brokers, commissions generated by those clients may be used to pay for those research services and products.

Trade Aggregation/Allocation:

It may be determined that the purchase or sale of a particular security is appropriate for more than one client account, that is, that particular client orders should be aggregated or “bunched”. In such cases, the Firm owes fiduciary duties to each client and, therefore, has an obligation to treat each client fairly. When aggregating orders, and in the process of allocating block purchases and block sales to individual client accounts, the Firm follows a Trade Aggregation/Allocation Policy designed to treat all clients fairly and to achieve an equitable distribution of bunched orders. If orders are combined within a given strategy, we will give each client within the strategy the average price and transaction costs we negotiate for the combined order and will allocate securities to client accounts in a given strategy in proportion to the size of the orders placed.

Generally, when clients have provided the Firm brokerage discretion (refer to Directed Brokerage below) client trades will be aggregated into blocks based on an allocation plan whereby managed account holdings are increased or decreased to a specific target percentage of total account value. This percentage allocation for a given account may be modified by the portfolio manager for a variety of reasons, including a small purchase or sale, lack of cash in a client account to fund a purchase, or particular client security restrictions.

There may be other reasons why a given account would not participate pro-rata in an allocation, but any such variance from the overall plan for clients would be guided by the basic principle of fairness to all clients.

Client trades that are initiated separately from a given allocation plan on the same day (e.g. a new account buying in the afternoon after a block was completed in the morning) may be excluded from participating in the average price of a block at the portfolio manager's discretion.

For the purposes of the policy, pro-rata trade allocation means an allocation of the trade at issue among applicable advisory clients within a given strategy in amounts that are proportional to the participating advisory client's relative net assets.

The Firm will typically make preliminary allocation determinations before placing a block order. If a pre-allocated block trade is partially filled, the Firm will generally allocate the securities among participating client accounts on a pro rata basis.

Partial fills may be allocated to accounts other than in pro-rata fashion as follows:

- small accounts may be filled first where the size of their allocation, if split over two days, would have invoked higher commission charges, or
- if only a small portion of the entire block is filled on a given day, the entire amount might be placed into one or more larger accounts, where an allocation across more accounts would have resulted in a minimal percentage of the order for all accounts

The Firm's Portfolio Managers may from time to time purchase real estate securities in initial or secondary public offerings when such securities become available and are consistent with the investment objectives of eligible client accounts. Subject to certain conditions and limitations, this may include offerings in which the Firm is a distribution participant. Because underwriting syndicates from which offerings are purchased may or may not include a broker-dealer to whom the Firm has been directed by clients to use for the execution of account transactions, accounts which direct brokerage transactions to a particular broker-dealer generally will not receive allocations of securities purchased in public offerings (refer to Directed Brokerage below). As a general rule, securities obtained in such offerings will be allocated pro-rata to client accounts which grant the Firm discretion in selecting broker-dealers. In situations where the allotment of securities is not sufficient to provide meaningful position sizes, the securities will be allocated on an equitable basis as determined by Portfolio Managers.

The Firm provides advisory services for one non-discretionary separate account. Trades approved by our Portfolio Managers are submitted to the non-discretionary account for trade execution and settlement. The non-discretionary account may trade before or after trades executed by the Firm on behalf of its client discretionary accounts.

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:

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

Compensation for Client Referrals: We do not pay any compensation for receiving client referrals from a broker-dealer.

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

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

Due to the directed brokerage arrangements that a number of our clients have in place, the overall Firm-wide average commission rates may be higher than they otherwise would be if we did not participate in any client-directed brokerage programs.

FX Transactions:

As part of investing in global securities, the Firm will execute spot foreign exchange ("FX") transactions either through a third-party active FX desk arrangement or in a few cases through the client's custodian or sub-custodian as directed by the client. The Firm utilizes these FX transactions to facilitate the settling of international security trades in the local currency of the particular security. The Firm does not use FX trades for hedging strategies or profiting from currency price fluctuations. The Firm does not use affiliates to effectuate FX transactions. Urdang currently utilizes the Northern Trust FX desk as they are 1) unaffiliated with the Firm and BNY Mellon, the Firm's affiliated parent company, 2) the Firm has a long standing history and knowledge of Northern Trust's custodial services, and 3) Northern Trust provides full coverage of currencies in all countries included in the Firm's global strategy.

Dividends paid by securities in non U.S. dollar denominations are generally held in the local currency in the client's custodial account. Local currency is bought or sold as needed to facilitate the settlement of trades.

Item 13. Review of Accounts

Our Portfolio Managers review client accounts continuously to ensure that all accounts are managed in a consistent manner within each strategy, and that we adhere to specific client guidelines. Weekly meetings are generally held between Portfolio Managers and Research Analysts to review client accounts and holdings.

In addition, we deliver quarterly reports to our clients. These reports generally include account holdings, performance, and general market conditions. The Firm also holds a quarterly conference call, available for all clients, to provide an overview of general market conditions along with specific country market updates.

Periodic internal and external audits are conducted to ensure the client portfolios are managed in accordance with client guidelines and restrictions. In addition, the Urdang Compliance Department performs a review of client contracts to ensure compliance with investment guidelines and restrictions.

Item 14. Client Referrals and Other Compensation

Affiliated Solicitors and Placement Agents. While we do not use unaffiliated solicitors and placement agents, we may pay referral fees to our affiliates (and/or their employees) for referrals that result in additional investment management business. *Please see the discussion of affiliated solicitors and placement agents in Item 10, above.*

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

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

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

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

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

Item 15. Custody

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

For purposes of the Custody Rule, we are deemed to have “custody” of certain client assets because client funds and securities are held by the Bank (an affiliate of the Firm) and we also serve as general partner of a private fund organized as a limited partnership.

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. Related Person & Operational Independence: Advisers deemed to have custody of client assets solely because a related person holds client assets will not be subject to the Surprise Exam Requirement, provided the adviser and the related person are “operationally independent.” We have determined that our operations are independent from those of the Bank.
2. 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 at the end of the fiscal year. The Firm relies upon this exemption and delivers its private fund audited financial statements to investors within the mandated time frame.

A client will generally receive from its 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. Clients should review these statements carefully. Clients will also receive account statements separately from us. Clients are strongly urged to compare the account statements received from us with those that are received from your qualified custodian.

Item 16. Investment Discretion

We typically accept discretionary investment authority over client assets, and clients must grant this discretionary authority to us in writing via a contract 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 we will adhere to such guidelines and restrictions when making investment decisions.

Item 17. Voting Client Securities

The Firm has policies for voting proxies for client securities which apply to those clients who have given us, through the investment advisory agreement, authority to vote proxies. The Firm's proxy voting policies and procedures are intended to give precedence to its clients' best interests.

To avoid conflicts of interest, the Firm has engaged a third party, Institutional Shareholder Services, Inc. (ISS) (also known as RiskMetrics Group), as an independent fiduciary to provide proxy research, reporting, and vote all client proxies. A client's custodian will generally direct proxies to ISS. Based on ISS' research and guidance, proposals assessed to positively impact shareholders generally will be voted by ISS in favor of and proposals that would appear to have adverse impact on shareholders will be voted against. In most cases, the Firm will not override ISS recommendations and voting, but reserves the right to change that vote when a Portfolio Manager disagrees with an ISS recommendation and feels it is in the best interest of all clients to change the proxy vote.

In certain instances, a conflict of interest may arise when the Firm votes a proxy. For example, the Firm, or one of its affiliates, may manage an issuer's retirement plan or an employee of the Firm may have a business relationship that may affect how the Firm votes a proxy. The Firm believes that by engaging ISS, its adherence to these policies and procedures ensures that proxies will be voted in the best interest of the clients.

A copy of the Firm's Proxy Voting Policy and the Institutional Shareholder Services Proxy Voting Guidelines is available to our clients, without charge, upon request. Clients may also obtain a summary of the proxy votes cast by the Firm for that client's portfolio.

Item 18. Financial Information

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