

Part 2 of Form ADV

Item 1. Cover Page

Ivy Asset Management LLC
144 Glen Curtiss Boulevard
Uniondale, New York 11556

Form ADV Part 2 (as of May 16, 2012)

This brochure provides information about the qualifications and business practices of Ivy Asset Management LLC (“Ivy”). If you have any questions about the contents of this brochure, please contact us at 516.338.3700. 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.

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

Item 2. Summary of Material Changes

Item 4 has been updated to disclose that the Liquidating Clients entered into a binding agreement to sell all of the remaining illiquid investments held by the Liquidating Clients on April 20, 2012, and Item 8 has been updated to include additional risks related to such Secondary Market activity.

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Item 4. Advisory Business

Ivy (the “Firm,” “We,” or “Us”) is a limited liability company 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 (“BNYMC”). The Firm was organized in 1984 to offer investment advice and supervisory services to various hedge funds of funds and alternative investment vehicles (the “Ivy Accounts”). In such capacity, the Firm (acting directly or indirectly through entities for which the Firm is the sole member, as managing member, general partner and/or investment manager) had the discretionary authority to allocate and reallocate the Ivy Accounts’ assets among a portfolio of hedge funds, pooled alternative investment vehicles, managed accounts and/or similar investments (each, an “Investment Product”). As part of an internal reorganization of BNYMC, the Firm converted from a Delaware corporation to a Delaware limited liability company on January 1, 2009 and changed its name from Ivy Asset Management Corp. to Ivy Asset Management LLC. Effective March 31, 2010, BNYMC decided to initiate an orderly wind-down of the Firm’s business. As a result, the Firm ceased offering investment advice and supervisory services to any new clients, ceased accepting new subscriptions for, and investments in, any Ivy Accounts, and began the liquidation of the portfolios of the Ivy Accounts (with the exception of certain single investor Ivy Accounts that replaced the Firm as their investment manager and one Ivy Account that the Firm continues to manage in accordance with its mandate (such Ivy Account, the “Continuing Client”). Currently, all of the Ivy Accounts but the Continuing Client (the “Liquidating Clients”) are in the process of liquidating their portfolios. As a result, the Firm’s investment advisory and supervisory services to Liquidating Clients presently are focused on two (2) principal activities: (1) monitoring remaining Investment Products held by such Liquidating Clients; and (2) seeking to liquidate the assets in

the Liquidating Clients' portfolios, and facilitating distributions of the proceeds of such liquidation, in a timely and orderly fashion.

On April 20, 2012, the Liquidating Clients entered into a binding agreement to sell all of the remaining illiquid investments held by the Liquidating Clients (the "Portfolio Sale"). Under the agreement, the purchase price to be received by a Liquidating Client for each interest in an Investment Product is equal to an agreed percentage of the September 30, 2011 net asset value ("NAV") of the interest, reduced by the amount of distributions received by the Liquidating Client in respect of the interest after that date (the "Purchase Price"). Completion of the sale of each interest is subject to customary conditions and requirements, including obtaining the consent of the applicable Investment Product. The Firm currently expects the Portfolio Sale to be completed by the end of the third quarter of 2012.

As mentioned above, the Firm continues to provide investment management services to the Continuing Client in accordance with the Continuing Client's investment mandate and governing documents. The Firm, through a wholly-owned subsidiary, serves as the general partner of the Continuing Client. The Continuing Client was formed to invest in another limited partnership managed by an unaffiliated third-party, which in turn invests in a pooled investment vehicle (the "Master Fund") managed by another unaffiliated third-party and that was formed to make private equity investments. The Firm has contractual "observation rights" that entitle it to receive certain data and attend meetings of the board of the Master Fund as an observer. The Firm does not have a right to vote or otherwise participate in such board meetings or any other rights to participate in the management (including investment management activities) of the Master Fund. As a private equity fund, the Continuing Client and investors in the Continuing Client do not have (and will not have) the right to withdraw their interests and will have no control over the timing and amount of distributions from the Master Fund.

As of January 1, 2012, the Firm manages \$206,490,561.00 on a discretionary basis.

Item 5. Fees and Compensation

The Firm currently does not charge any fees or allocations (including any management and performance fees or allocations) to Ivy Accounts. Firm expenses incurred in connection with the Firm's activities, including all costs associated with the Firm's provision of investment management services are being borne by BNYMC.

The Ivy Accounts bear all other fees and expenses, including but not limited to administration, accounting, legal, and custody-related fees and expenses.

Investors in the Ivy Accounts typically also bear (i) management fees charged by the underlying managers of Investment Products (collectively, "Designated Managers") based on the portion of their assets that are invested in the Investment Product in the range of half a percent (.5%) to two percent (2%); and (ii) incentive fees or allocations payable to the Designated Manager, which generally are in the range from ten percent (10%) to thirty percent (30%) of net income or capital appreciation. However, such fees/allocations may exceed these ranges (including, in certain cases, to a material extent) and/or may be charged on a different basis. The aggregate (direct and indirect) fees and expenses borne by an investor in an Ivy Account generally exceed the fees and

expenses that would be borne by an investor making direct investments in a portfolio of Investment Products similar to that held by the Ivy Account. In addition, performance-based compensation arrangements may create an incentive for the Designated Managers to make investments that are more risky, less liquid, or more speculative than would be the case if such arrangements were not in effect.

Item 6. Performance Fees and Side by Side Management

“Side by side management” refers to the Firm’s simultaneous management of different types of client accounts. As mentioned above, the Firm currently does not charge any fees or allocations (including any management and performance fees or allocations) to Ivy Accounts. Accordingly, the Firm does not have a fee based incentive to favor one client over another. The Firm manages the Ivy Accounts consistent with applicable law, and the Firm follows procedures reasonably designed to treat the Ivy Accounts fairly and to prevent one Ivy Account or a group of Ivy Accounts from being systematically favored or disadvantaged.

The remainder of this Section discusses the conflicts the Firm and our employees and supervised persons face when engaging in side by side management and how we deal with such conflicts.

Conflicts of Interest Relating to Investment in Affiliated Accounts

To the extent permissible under applicable law, the Firm may decide to invest some or all of the assets of the Ivy Accounts in money market funds advised or managed by BNYMC or its affiliates. The Firm may have incentive to favor such funds over others with similar investment characteristics in order to generate additional fees for BNYMC or its affiliates. When selecting such funds managed by BNYMC or its affiliates, the Firm will perform a conflicts check, which will generally include a review of pricing and service level, as applicable, to ensure such pricing and service are comparable to such similar funds managed by non-affiliates.

Conflicts of Interest Relating to Investments by Affiliates in the Ivy Accounts

The Firm, its affiliates, and existing or former employees of the Firm may have investments in Ivy Accounts. Investment by the Firm, its affiliates, or employees (whether existing or former) in Ivy Accounts may create conflicts of interest. The Firm may have an incentive to favor such Ivy Accounts, for example, by allocating secondary market sales of interests in Investment Products in favor of such Ivy Accounts to the disadvantage of other Ivy Accounts. The Firm also may have an incentive to dedicate more time and attention to such Ivy Accounts, including, but not limited to, the allocation of resources to liquidate and close such accounts or execute secondary market transactions quicker than other accounts. The Firm has adopted a Code of Ethics, which establishes principles of employee conduct designed to ensure the interest of the Ivy Accounts are placed first, and dictates fiduciary principles governing personal investment activity.

Other Conflicts of Interest

The Firm is a part of BNY Mellon Asset Management, and an indirect wholly-owned subsidiary of BNYMC. BNYMC 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 worldwide client-focused team that enables institutions and individuals to manage and service their financial assets. The Ivy Accounts are not entitled to compensation related to such businesses. These activities and interests include potential multiple advisory, transactional, financial and other interests in securities, instruments and companies that may directly or indirectly be purchased or sold by certain Ivy Accounts, Investment Products or Designated Manager and their service providers.

BNYMC has adopted an incentive compensation program to reward internal referrals of business opportunities and designed (i) to facilitate clients gaining access to and being provided with explanations about the full range of products and services offered by BNYM and its subsidiaries and (ii) to expand and develop client relationships. This program may lead or have led to the payment of referral fees and/or bonuses to employees of BNYMC or its subsidiaries who may have been involved in a referral that resulted in an investment in an Ivy Account prior to March 31, 2010.

As discussed above, since BNYMC's decision to proceed with an orderly wind-down of the Firm's business, the Firm has ceased to offer investment advisory and supervisory services to new clients. In addition, the Firm has ceased charging fees to the Ivy Accounts. As a result, BNYMC and the Firm may have an interest in winding down the Liquidating Clients as quickly as possible in order to avoid incurring further expenses, including by causing the Liquidating Clients to sell interests in underlying, less-liquid Investment Products more quickly than would otherwise be the case, even though this could result in a lower net return than if the Liquidating Clients held such Investment Products for a longer period of time. Please refer to Item 8 – Secondary Market Risks. As noted above, the Firm has adopted a Code of Ethics, which establishes principles of employee conduct designed to ensure the interest of the Ivy Accounts are placed first, and dictates fiduciary principles governing personal investment activity.

Item 7. Types of Clients

The Ivy Accounts include New York and Delaware limited partnerships, limited liability companies and trusts, Cayman Islands exempted limited companies and unit trusts, an umbrella-type investment company organized under the laws of Ireland as well as variable capital open-ended investment company incorporated with limited liability in Ireland and funds formed under a New York tax-exempt trust that has received a favorable ruling from the Internal Revenue Service under Rev. Rul. 81-100. Each of the Ivy Accounts is exempt from registration as an investment company in reliance upon Section 3(c)(1) or 3(c)(7) of the Investment Company Act of 1940, as amended, (the "1940 Act"), or not deemed to be an investment company by virtue of Section 7(a) of the 1940 Act.

Effective March 31, 2010, the Firm ceased offering investment advisory services to new clients or accepting new investments in any Ivy Accounts.

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

Monitoring Investment Products and Designated Managers; Liquidity of Investments

Liquidating Clients

The Firm's current investment advisory and supervisory services to Liquidating Clients presently are focused on two (2) principal activities: (1) monitoring remaining Investment Products held by such Liquidating Clients; and (2) seeking to liquidate the assets in the Liquidating Clients' portfolios, and facilitating distribution of the proceeds of such liquidation, in a timely and orderly fashion. Liquidation of assets in the Liquidating Clients' portfolios may include the sale (often at a discount to current net asset value) of some or all of a Liquidating Clients' assets, including interests in pooled alternative investment vehicles, in the secondary market.

The Liquidating Clients currently hold four (4) broad categories of Investment Products: (1) Investment Products subject to standard liquidity; (2) Investment Products that have been gated or suspended; (3) Investment Products in the form of "side pockets"; and (4) Investment Products that are being liquidated. The first broad category (i.e., Investment Products subject to standard liquidity) includes Investment Products that currently may be redeemed in the ordinary course, in accordance with the standard terms as stipulated under their fund documents, but in respect of which the next available redemption date has not yet occurred.

The second broad category of Investment Products (i.e., Investment Products that have been gated or suspended) includes Investment Products that the applicable Designated Managers currently are limiting from being redeemed in full or in part (e.g., limiting all redemption payments to 10% of the full amount requested to be redeemed until the full amount is returned).

The third broad category of Investment Products (i.e., Investment Products in the form of "side pockets") include special investment accounts created by applicable Designated Managers within Investment Products which are segregated from the remainder of the assets held by the Investment Product and that may not be redeemed until the assets subject to the special investment account are either sold or released from the special investment account.

The fourth broad category of Investment Products (i.e., Investment Products that are being liquidated) include Investment Products that the applicable Designated Managers have placed into liquidation in whole or in part (with the portion subject to liquidation falling within this category).

The Firm has submitted full redemption requests to each Designated Manager for all remaining investments held by the Liquidating Clients. However, as described above, the Investment Products currently held by the Liquidating Clients are all less liquid in nature. As such, they remain invested and continue to be actively managed by the applicable Designated Managers, and remain at risk to movements in the market and the applicable Designated Managers' investment strategies until they are sold or otherwise realized (including through sales in the secondary market by the Firm). There is uncertainty as to when these investments will be sold or otherwise realized, and it may take a significant period of time for that to occur.

The Ivy Accounts also have certain holdbacks and receivables due to them from certain Investment Products. These typically arise due to the normal practice by Designated Managers of keeping a relatively small (e.g., 5% to 10%) amount of capital in reserve within a given Investment Product, after an investor has redeemed its interests in full, with such reserve held pending completion of the independent audit for the year in which the full redemption occurred. It is expected that such holdbacks will be paid after the financial audit for the year in which the redemption was made is completed. Such amounts typically do not bear market risk, but may be subject to adjustment as a result of the audit, and therefore should be thought of, monitored, and controlled simply as an account receivable held by such Ivy Account.

In managing the liquidation of the portfolios of the Liquidating Clients, the Firm monitors Designated Managers and related Investment Products held in each of the Liquidating Clients until either final redemption proceeds are received or written off, or such Investment Products are sold through a transaction in the secondary markets (see below). Designated Managers and Investment Products are monitored on a periodic basis by reviewing all relevant information provided by Designated Managers about themselves and/or their Investment Products, conducting telephonic update meetings with Designated Managers (when possible) to discuss estimates for projected payout schedules, participating in investor conference calls as and when held by a Designated Manager, obtaining third-party research reports (including operational due diligence) when available, and conducting in-person meetings (when possible, if the Firm deems necessary). Generally speaking, we receive different levels of information from the various Designated Managers which ranges significantly in scope. On case-by-case basis, the Firm, in its sole and absolute discretion, may reduce the level of review of any given Designated Manager as we deem appropriate for various reasons.

The Firm relies upon the services of one or more consultants and service providers to assist with the research, collection, preparation, and review of information and reports related to the monitoring of the Investment Products and/or Designated Managers. Neither the Firm, nor any of its affiliates, directors, officers, employees, or members are under any obligation to devote their full time to the business of any Ivy Account; each is required to devote only such time and attention to the affairs of each Ivy Account as it may deem appropriate in its sole and absolute discretion.

Continuing Client

We will continue to manage the Continuing Client in accordance with its investment mandate, including through the exercise of our observation rights that entitle us to receive certain data and attend meetings of the board of the Master Fund as an observer.

Risk of Loss

General Risks

An investment in the Ivy Accounts involves significant risks, including the risk that the entire amount invested may be lost. Each of the Ivy Accounts is invested in Investment Products that employ a number of investment strategies and techniques that involve certain risks. Such risks

generally fall into three broad categories: (i) general risks related to the market and investing; (ii) risks related to the regulatory environment in which the Ivy Accounts and the Investment Products operate; and (iii) risks related to the management and operation of the Ivy Accounts and their investments in the Investment Products. The foregoing risks include, among others, risks related to: market conditions and volatility, the use of leverage by the Investment Products, the liquidity of the Ivy Accounts and of the Investment Products, potential concentration of the Ivy Accounts' direct and indirect holdings and overlap among the Investment Products and Designated Managers, the use of derivative instruments, business failure of counterparties and market participants, short sales, investments outside of the United States, regulatory restrictions on trading activity, the absence of certain regulatory safeguards, taxation of the Ivy Accounts, currency hedging, cross liability, layering of fees and expenses, indirect investments with Designated Managers through the use of portfolio investment vehicles and derivative instruments, in-kind distributions, illiquid assets, allocations to managed accounts and the use of managed account platforms, dependence on the Firm, the Designated Managers, and sponsors of managed account platforms (and certain of their respective key personnel) and valuations.

A more detailed discussion of these and certain other risks associated with an investment in an Ivy Account was disclosed to investors in the applicable offering memorandum for each Ivy Account, as may have been amended from time to time.

Illiquid Nature of Portfolios

Each of the Liquidating Clients is in the process of liquidating its portfolio, and no longer is allocating assets to new Investment Products or among existing Investment Products held by the Ivy Accounts. Substantially all of the remaining portfolios of the Ivy Accounts lack sufficient liquidity to return all capital in the form of cash in the near term. Certain Investment Products only permit the Ivy Accounts to withdraw assets at specified times (e.g., annually, semi-annually, quarterly) and many Investment Products have limited or suspended withdrawals (or delayed withdrawal payments). Additionally, certain Investment Products have difficulty liquidating certain positions at quoted prices or in effectively trading certain positions. Certain Investment Products hold illiquid investments (or in relatively liquid investments that may become illiquid), which could result in significant loss in value should the Investment Product be forced to sell the illiquid investments as a result of rapidly changing market conditions or as a result of margin calls or other factors. Moreover, certain Investment Products have distributed securities in-kind to the Ivy Accounts, including illiquid securities and including distributions in connection with withdrawal requests by the Ivy Accounts, which result in the Ivy Accounts directly or indirectly (e.g., through a special purpose vehicle) holding such securities, which the Ivy Accounts may not be able to liquidate or dispose of for an extended period of time. Many Investment Products also have the authority to hold back a portion of the Ivy Accounts' redemption proceeds pending an audit or the passage of a stated time period. Amounts receivable from Investment Products are illiquid assets of the Ivy Accounts that cannot be realized or distributed to investors in the Ivy Accounts until such amounts are actually paid to the Ivy Accounts.

Certain Investment Products may or already have suspended, gated or otherwise limited redemptions, established side pockets for certain assets, implemented holdbacks until after the completion of year-end or final audits, may make or already have made distributions in-kind in

connection with redemption requests or liquidate their portfolios. The timeframe for the recovery of illiquid assets typically is unknown, and it may be a significant period of time before the Ivy Accounts are able to liquidate such assets or to withdraw from such Investment Products in these circumstances.

Except to the extent that the Ivy Accounts' positions in such Investment Products have been fully withdrawn and are deemed receivables, the Ivy Accounts will participate in any appreciation or depreciation with respect to such assets until the Ivy Accounts are able to fully withdraw from or otherwise realize its position in such Investment Products.

Secondary Market Risks

The Firm seeks to liquidate the assets of the Ivy Accounts in a timely manner. As discussed above, the Liquidating Clients have entered into a binding agreement with respect to the Portfolio Sale. Investment Products generally do not have a readily ascertainable public market price or are otherwise difficult to value. The value received by an Ivy Account from the Portfolio Sale may be less than what the Ivy Account would ultimately receive in respect of an Investment Product, or portion of an Investment Product, had it held the Investment Product, or portion of the Investment Product, through realization of the asset through normal withdrawal procedures and/or through distribution of liquidation proceeds in respect of the Investment Product by the Designated Manager. Conversely, the value received by an Ivy Account from the Portfolio Sale may be more than what the Ivy Account may be offered in respect of an Investment Product, or portion of an Investment Product, in a potential future secondary market transaction and more than what the Ivy Account would ultimately receive in respect of such Investment Product, or portion of an Investment Product, had it held the Investment Product, or portion of the Investment Product, through realization of the asset through normal withdrawal procedures and/or through distribution of liquidation proceeds in respect of the Investment Product by the Designated Manager. Lastly, there is no guarantee that the Firm will be able to liquidate the Ivy Accounts more quickly through the Portfolio Sale.

Due to the unique, private, and complex nature of the negotiations and transactions involved with any sale of an Investment Product in the secondary market, there is significant execution risk that a transaction actually may reach a final close. Although the Firm currently expects the Portfolio Sale to be completed by the end of the third quarter of 2012, there can be no assurance that the contemplated transactions will be consummated during that time period or at all. In addition, as noted above, completion of the sale of each interest is subject to customary conditions and requirements. Therefore, it is possible that a particular Investment Product may not be sold pursuant to the Portfolio Sale. In such event, there can be no guarantee that the Firm will be able to locate an interested party in the secondary market who is willing to purchase some or all of an Investment Product from any particular Ivy Account at a price that the Firm deems acceptable. The sale of such Investment Products typically will be at a discount, which may be significant when compared to the most recently reported net asset value received by the Ivy Account from the Designated Manager.

Item 9. Disciplinary Information

In the course of its advisory business, Ivy had contracts under which it acted as subadvisor or consultant to several independent investment managers, acted as investment manager for one pension fund, and provided consulting services for one individual, each of which invested with Bernard L. Madoff (“Madoff”) (or to investment vehicles that entrusted assets to Madoff) and allegedly suffered losses as a result of Madoff’s fraud. From shortly after the time that Madoff confessed his fraud in December 2008, Ivy has been involved in a number of investigations, inquiries and civil litigation matters arising out of those relationships.

In particular, Ivy has cooperated with Madoff-related investigations or inquiries conducted by the U.S. Securities and Exchange Commission, the U.S. Department of Labor (“DOL”), the New York Attorney General (“NYAG”), the United States Attorney for the Southern District of New York, the Hong Kong Securities and Futures Commission, the Committee on Education and Labor of the United States House of Representatives and Irving H. Picard, Trustee for the Liquidation of Bernard L. Madoff Investment Securities LLC (“BLMIS”). These investigations have concerned Madoff, the Madoff fraud and Ivy’s compliance with various federal and state laws and regulations. Ivy has produced documents or witnesses, as appropriate, in each investigation.

The investigations by the DOL, NYAG and by Mr. Picard resulted in the commencement of civil litigation against Ivy and its founders and former officers Lawrence Simon and Howard Wohl, which remains currently pending. The DOL’s enforcement action, brought pursuant to the Employee Retiree Income Security Act (“ERISA”), is entitled *Solis v. Beacon Associates Management Corp.*, 10 Civ. 8000 (S.D.N.Y.). The NYAG separately brought an action entitled *People ex rel. Cuomo v. Ivy Asset Management LLC*, Index No. 450489-2010 (N.Y. Sup. Ct.), asserting claims under New York General Business Law §§ 352 *et seq.*, New York Executive Law §§ 63(1) and 63(12) and New York common law. Finally, Mr. Picard has also brought a suit against Ivy, Simon, and Wohl to recover money that allegedly was paid to Ivy that originated with BLMIS. That case is entitled *Picard v. Beacon Associates LLC I*, Adv. Pro. No. 10-5356 (Bankr. S.D.N.Y.). Neither Ivy nor any Ivy-affiliated individual has been found to have been involved in a violation of an investment-related statute or regulation or been subject to any criminal prosecution of any kind in any of the aforementioned investigations or enforcement actions.

In addition to these matters, Ivy and certain of its present and former officers, directors, and employees have been involved in related private litigation as described below. Although the allegations in these cases vary, in general Ivy and certain of its officers, directors, and employees are alleged to have concealed material information, made material misrepresentations and/or failed to perform the investment advisory services for which it was retained, which conduct contributed to or caused various parties to invest with or continue to invest with Madoff. The plaintiffs in these actions variously assert claims under federal securities laws, ERISA, and various common law theories including fraud, breach of fiduciary duty, professional negligence and aiding and abetting others in fraud or breach of fiduciary duty. Like the actions brought by the DOL, NYAG and Mr. Picard, these suits relate to services that Ivy provided to three independent investment managers, Beacon Associates Management Corp., Andover Associates

Management Corp. and J.P. Jeanneret Associates, Inc. As of the date hereof, the cases currently pending are:

In re Beacon Associates Litigation, No. 09 Civ. 777 (S.D.N.Y.).

In re Jeanneret Associates, Inc. Litigation, No. 09 Civ. 3907 (S.D.N.Y.).

Buffalo Laborers Security Fund, Welfare Fund and Welfare Staff Fund et al. v. J.P. Jeanneret Associates Inc. et al., No. 09 Civ. 8362 (S.D.N.Y.).

Hartman v. Ivy Asset Management, No. 09 Civ. 8278 (S.D.N.Y.).

Hecht v. Andover Associates Management Corp. et al., Index No. 6110-2009 (N.Y. Sup. Ct.).

Sacher v. Beacon Associates Management Corp. et al., Index No. 5424-2009 (N.Y. Sup. Ct.).

Jordan Group LLC v. Beacon Associates Management Corp. et al., Index No. 3757-2011 (N.Y. Sup. Ct.).

McBride v. KPMG International, Index No. 650632-2009 (N.Y. Sup. Ct.).

Altman v. Beacon Associates Management Corp., No. 10 Civ. 652238 (S.D.N.Y.).

Schott v. Ivy Asset Management Corp., No. 10 Civ. 1562 (S.D.N.Y.).

Saltz v. First Frontier, L.P., No. 10 Civ. 964 (S.D.N.Y.). This case was dismissed on December 30, 2010 and plaintiffs have appealed the dismissal to the U.S. Court of Appeals for the Second Circuit.

David B. Newman et al. v. Family Management Corp., 08 Civ. 11215 (S.D.N.Y.). The court dismissed this case in its entirety on November 20, 2010 and denied the plaintiffs' motion to reconsider that dismissal on February 2, 2011. The plaintiffs have appealed the dismissal to the U.S. Court of Appeals for the Second Circuit.

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

The Firm is a part of BNY Mellon Asset Management and an indirect wholly-owned subsidiary of BNYMC.

BNYMC 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 BNYMC'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.

The Firm may enter into transactions with unaffiliated counterparties or third party service providers who then use Adviser's affiliates to effect or complete such transactions. Services provided by such affiliates may include, for example, execution and clearance of trades, issuance or cancellation of depositary receipts, foreign exchange or other services not contemplated by the Firm. Such affiliates may receive compensation for providing these services. The decision to use the Firm's affiliate in these circumstances, however, is made by the unaffiliated counterparty or third party service provider. Further, the Firm is often unaware that the counterparty has chosen to use Firm's affiliate to provide such services.

BNY Mellon Referral Incentive Compensation Plan

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

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

The Program promotes BNY Mellon's corporate values of Client Focus, Trust, Teamwork and Outperformance by encouraging the cross-selling of BNY Mellon's broad array of services and products throughout the organization to better meet a current or prospective client's full range of needs for financial products and services, and to expand customer relationships. The Program seeks to financially reward (via bonus or referral fee) eligible employees who offer a business lead that results in a sale of certain affiliated products or services to existing clients and prospects. These bonuses and referral fees may be paid to the Firm and its employees for referring business (services or products) to its affiliates, and the Firm's affiliates and their employees may receive bonuses and referral fees for referring business to the Firm. The bonuses and referral fees may be based on the number of referrals made. 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 the Firm 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 Service Providers

To the extent permitted by law, BNYMC and/or one or more of the BNYMC Affiliates may provide to the Ivy Accounts certain non-investment management services and facilities, including, without limitation, cash management, administrative, custodial, trustee, distribution, banking, lending, foreign currency exchange and other financial and securities services. Specifically, BNYM and/or BNYM Affiliates provide administrative and custodial services to the Ivy Accounts. The services provided by BNYMC and/or one or more of the BNYMC Affiliates to the Ivy Accounts will generally be provided at rates that are similar to those charged to other clients, although certain of the terms (including rates) of such service arrangements may not be set by arm's length negotiation.

When the Firm selects or recommends service providers to its clients, BNYMC or any of its affiliates may not be selected or recommended (i) if the selection would be in violation of any applicable laws or regulations; and (ii) without a conflicts check, which include the following reviews:

Service level: The level of service is comparable to other service providers providing a similar service and that BNYMC has the appropriate level of expertise required to perform the service.

Pricing: The pricing levels are competitive with prices charged by other service providers providing a similar service.

Other Relationships

In addition, BNYMC personnel, including employees of the Firm, 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, BNYMC and its affiliates, including the Firm and its 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 affiliated with a significant number of advisers and broker/dealers. Please see Form ADV, Part I - Schedule D, Section 7.A- for a list of advisers and broker-dealers affiliated with the Firm. Where the Firm selects the broker to effect purchases or sales of securities for client

accounts, the Firm may use either an affiliated or unaffiliated broker (unless otherwise restricted by an agreement, law or regulation). The Firm may have an incentive to enter into transactions with an affiliated broker/dealer, in an effort to direct more commission dollars to its affiliate.

The Firm has broker selection policies in place that require the Firm's 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.*

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

The Firm has 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; contributions to political parties; 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. The Firm, and its related persons and employees, may, under certain circumstances and consistent with the PSTP, purchase or sell for their own accounts securities that the Firm also recommends to clients.

The PSTP imposes different requirements and limitations on employees based on the nature of their business activities for the Firm. Each of the Firm's employees is classified as an Investment Employee: 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.

- 1) 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.
- 2) Other Employee ("OE"): The Firm's 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) The Firm has 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 the Firm's 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 the Firm, 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 transaction where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys 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 Ivy Account. The Firm may engage in principal transactions subject to the consent requirements under the Advisers Act and as permitted under applicable law. When the Firm engages in a principal transaction, it may have an incentive to favor its own interests over the interests of its client. For example, the Firm executes foreign currency contracts on behalf of certain Ivy Clients through BNYM and/or its affiliates. In cases where Ivy provides instruction to either BNYMC for foreign exchange trading, the Firm uses Bloomberg to conduct a spot rate analysis for reasonableness. The Firm has established a policy that if the rates provided by any counterparty are outside of a 1% threshold of the rates quoted from Bloomberg, the Firm will call a second dealer for a rate. If such rate from a second dealer is closer to Bloomberg, the Firm will generally negotiate a better rate with the original counterparty. Subsequently, the Firm would open up an additional trading line with a second dealer for future trades.

The directors, officers and employees of BNYMC, including the Firm, may buy and sell securities or other investments for their own accounts (including through investment funds managed by BNYMC and the Ivy Accounts). As a result of differing trading and investment

strategies or constraints, positions may be taken by directors, officers and employees that are the same as, different from or made at different times than positions taken for the Ivy Accounts. To reduce the possibility that the Ivy Accounts will be materially adversely affected by the personal trading described above, the Adviser has established policies and procedures that restrict securities trading in the personal accounts of investment professionals and others who normally come into possession of information regarding the portfolio transactions of the Investment Products. The Firm has adopted a code of ethics and monitoring procedures relating to certain personal securities transactions by Firm personnel that the Firm deems to involve potential conflicts involving such personnel, the Ivy Accounts and Investment Products.

Item 12. Brokerage Practices

The Firm does not generally suggest brokers to the Ivy Accounts, nor is it generally required to select brokers for the Ivy Accounts. However, when required (generally for purposes of liquidating securities distributed to an Ivy Account as an in-kind payment by an Investment Product), Ivy may select an affiliated broker, or an unaffiliated broker-dealer for the purchase and sale of securities for client accounts consistent with its duties of best execution, and subject to any client and regulatory proscriptions. In no event will the fact that an executing broker may clear through a BNY Mellon affiliate or have a clearing arrangement with a BNY Mellon affiliate be considered as part of the broker selection process.

In cases where the firm engages with BNYMC for Foreign Exchange trading ("F/X Trade"), the Firm's staff reviews applicable market data to compare rates provided by counterparties for such F/X Trades utilizing Bloomberg to conduct a rate analysis for reasonableness. The Firm has established a policy that if the rates provided by any counterparty are outside of a 1% threshold of the rates quoted from Bloomberg, Ivy will call a second dealer for a rate. If such rate from a second dealer is closer to the Bloomberg rate, Ivy will generally negotiate a better rate with the original counterparty. Subsequently, Ivy would open up an additional trading line with a second dealer for future trades. We generally do not engage in securities transactions that generate "soft" dollars that are eligible for treatment under Section 28(e) of the Securities Exchange Act of 1934, as amended, and do not expect to use soft dollars to pay for research products or services.

BNYMC and/or its subsidiaries may, in connection with their respective business activities, suggest brokers to investors in Ivy Accounts. Such suggestions would not generally be communicated to the Firm and the Firm would not generally receive any direct or indirect benefit as a result of such suggestions.

Item 13. Review of Accounts

The Firm's Investment Team, led by the Chief Investment Officer, is responsible for monitoring the Investment Products and Designated Managers, notwithstanding the fact that the Ivy Accounts either have redeemed from or have submitted full redemption requests to all of the Investment Products held in each of the Ivy Accounts. The purpose of this monitoring is threefold: (i) to examine, review, and discuss with Designated Managers the less liquid holdings in Investment Products held by the Ivy Accounts to develop a reasonable understanding of the estimated timing for returning cash to the Ivy Accounts and the character of the underlying investment; (ii) to collect data for reporting purposes; and (iii) to evaluate whether such Investment Products should be considered for sale in the secondary market in advance of when

the Ivy Accounts would otherwise be able to realize the proceeds from previously submitted redemption requests to such Investment Products. The Firm reviews each Ivy Account no less frequently than quarterly, relying upon statements provided by the Designated Managers of Investment Products and the reporting information provided by the administrator for such Ivy Account. The Firm evaluates the asset and liability composition of each Ivy Account, examining the remaining Investment Product positions, cash balance, accounts receivable, liabilities and other operational expenses in order to assess progress of the liquidation of such Ivy Account. In addition, the Firm examines possible strategies and alternatives for the remaining illiquid assets held by such Ivy Account. In performing the review of Ivy Accounts, the Firm relies upon the services of one or more consultants and service providers to assist with the research, collection, preparation, and review of information and reports related to the monitoring of the Ivy Accounts, including Investment Products and/or Designated Managers.

Item 14. Client Referrals and Other Compensation

The Firm is no longer offering its investment advisory services to new clients, and is providing only the services outlined in Item 4 above. Therefore, the Firm has no information applicable to this Item.

Item 15. Custody

The Firm is deemed to have “custody” of certain Ivy Accounts. The Ivy Accounts generally send audited financial statements to the investors in the Ivy Accounts. In addition, to the extent required by applicable law, assets of the Ivy Accounts are maintained by qualified custodians and investors in the Ivy Accounts will receive quarterly account statements directly from their custodian. Investors should carefully review these account statements.

Item 16. Investment Discretion

The Firm has discretionary investment authority over the Ivy Accounts as disclosed in the offering memorandum for each of the Ivy Accounts. The Firm has such authority as (directly or indirectly) the general partner or managing member of the Ivy Account, or in some cases, the Ivy Accounts granted this discretionary authority in writing via contract with the Firm appointing the Firm to become the investment adviser of the Ivy Account. In all cases, however, such discretion is exercised in a manner consistent with the governing documents of the particular Ivy Account.

Item 17. Voting Client Securities

The Firm votes, or if the Ivy Accounts have a Custodian, review and recommends to the Custodian proxy proposals, amendments, consents or resolutions (collectively, “proxies”) on behalf of the Ivy Accounts relating to the Ivy Accounts’ investments in the Investment Product in a manner that seeks to serve the best interests of the Ivy Accounts. In doing so, the Adviser generally takes into account the following factors, as applicable: (i) the impact on the value of the returns of the Investment Product; (ii) the attraction of additional capital to the Investment Product; (iii) the alignment of the interests of the Investment Product’s management with the interests of the Investment Product’s beneficial owners, including establishing appropriate incentives for the Investment Product’s management; (iv) the costs associated with the proxy; (v) the impact on redemption or withdrawal rights; (vi) the continued or increased availability of

portfolio information; (vii) industry and business practices; and (viii) such other factors as the Firm may deem appropriate under the circumstances. In general, the Firm seeks to resolve any potential conflicts of interests associated with any proxy by applying the foregoing general policy of seeking to serve the best interests of the Ivy Accounts. The Firm has specific guidelines addressing how it votes proxies with regard to specific matters, such as voting rights, liquidation of an Investment Product, approval of members of the board of an Investment Product or advisors and various other issues.

The Firm will furnish a copy of its Proxy Voting Policy, any related procedures, and its Voting Guidelines to an investor in an Ivy Account upon request. Upon request, the Firm will also disclose to an investor in an Ivy Account the proxy voting history for its account after the shareholder meeting has concluded.

Item 18. Financial Information

The Firm does not require prepayment of fees.

As disclosed elsewhere in this brochure, the Firm is in the process of winding up its business. *Please refer to Items 5 and 9 for additional disclosures which may be applicable to this Item.*