



ITEM 1. COVER PAGE
Pareto New York LLC
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This brochure provides information about the qualifications and business practices of Pareto New York LLC. If you have any questions about the contents of this brochure, please contact us at 212 527 1800. 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.

Pareto New York LLC 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 Pareto New York LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

FORM ADV PART 2

(AS OF MARCH 28, 2013)

ITEM 2. SUMMARY OF MATERIAL CHANGES

Following are summaries of our material changes made since our last annual update on March 31, 2012.

Item 4

As of January 1, 2013, PNY is controlled by Insight Investment Management Limited (IIIML) but is not part of the Insight Group. PNY is a wholly owned subsidiary of BNY Mellon.

PNY is no longer sub-advising the Global Risk Adjusted Alpha Strategy or the Currency Multi Strategy for Pareto Investment Management Limited.

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ITEM 4. ADVISORY BUSINESS

Pareto New York LLC (PNY or We) is a wholly owned subsidiary of The Bank of New York Mellon Corporation. Pareto New York LLC, a registered investment adviser, markets Pareto Investment Management Limited (Insight Pareto)'s strategies and provides client services for Insight Pareto's North American clients of the Currency Risk Management Strategy (CRM).

PNY is an FSA Appointed Representative of Insight Pareto. Insight Pareto was established in 1991 and focuses on providing clients with an array of currency strategies and overlay solutions. Based in London, Insight Pareto also has an FSA appointed representative in Sydney and a branch in Tokyo. Insight Pareto is a registered investment adviser with the SEC under the Investment Advisers Act, of 1940 and is authorized and regulated by the Financial Services Authority.

Pareto Investment Management Limited will be marketed in North America and Australasia under the brand name of "Insight Pareto" and in Europe as "Insight Investment". Insight Pareto is a subsidiary of Insight Investment Management Limited, a wholly owned subsidiary of The Bank of New York Mellon Corporation. BNY Mellon owns 100% of BNY Mellon International Asset Management Group Limited, which owns 100% of Insight Investment Management Limited which owns 100% of Pareto Investment Management Limited.

As of January 1, 2013, PNY is controlled by Insight Investment Management Limited but is not part of the Insight Group. PNY is a wholly owned subsidiary of BNY Mellon.

ITEM 5. FEES AND COMPENSATION

The fees that Pareto New York LLC charges Insight Pareto for its client services are costs plus 10% on a monthly basis. Fees for products offered by Insight Pareto are detailed in the ADV for Pareto Investment Management Limited.

PNY does not charge or receive compensation in connection with the sale of securities/private funds/mutual funds/or other investment products. However, certain of our employees or employees of our affiliates accept compensation (also referred to as "commissions") for the sale of securities/private funds/mutual funds/or other investment products. Accepting commissions for the sale of securities/private funds/mutual funds/investment products gives rise to a conflict of interest in that it may give our employees an incentive to recommend investment products based on the compensation they will receive, rather than solely on a client's needs. Please refer to Item 6, below, for a discussion of these conflicts of interest,

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

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

PNY may market to and provide client service to clients who enter into performance based fee arrangements with Insight Pareto and for whom Insight Pareto charges an asset based management fee, based on the market value of the account at specified month or quarter ends, plus a performance fee based on the portfolio's net return in excess of a specified benchmark during a designated period of time. These performance fees will usually be dependent on a high water mark being exceeded (previous highest peak in value that the investment account has reached).

PNY only has one client, Pareto Investment Management Limited, for a discussion of side-by-side management related to Insight Pareto's clients; please see Insight Pareto's ADV Part 2.

Other Conflicts of Interest

As noted previously, PNY and its affiliates manage numerous accounts with a variety of interests. This necessarily creates potential conflicts of interest for PNY. For example, PNY or its affiliate may cause multiple accounts to invest in the same investment. Such

accounts may have conflicting interests and objectives in connection with such investment, including differing views on the operations or activities of the portfolio company, the targeted returns for the transaction and the timeframe for and method of exiting the investment.

ITEM 7. TYPES OF CLIENTS

PNY's client is Insight Pareto who provides advisory services to various institutional investors including pension funds, and charitable organizations. PNY provide marketing and client servicing activities to these types of clients in North America. Clients contract directly with Insight Pareto as Investment Manager.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

i) Methods of Analysis and Investment Strategies

CRM is Insight Pareto's primary investment strategy and its objective is to focus on estimating and managing the currency risk embedded in the client's international investment portfolio. It is a proprietary, model-based approach which seeks to deliver asymmetric returns from currency exposure by strictly controlling currency losses relative to a client specific benchmark, without constraining the potential for upside capture from favorable currency movements. CRM is provided as a separate account, tailored to meet clients' individual currency risk management goals. The strategy uses an overlay structure, employing forward foreign exchange contracts and currency options to manage each client portfolio's underlying currency exposure.

This active hedging process utilizes currency forward contracts which generate periodic cashflows (usually 3- or 6-monthly). These may be positive or negative depending on the strength of the client's base currency over the period. We may also make use of currency options, which require the payment of a premium with 2 or 3 day settlement. Settlement of these cashflows is the responsibility of the client as we do not hold client cash, and trade only as agent for the client with their appointed counterparties.

Insight Pareto's CRM strategy is model-driven and highly automated; hence the decision-making process is not dependent on individual portfolio managers. The positions are adjusted when and as often as required by the risk based models. All CRM models are run at least daily. The Research team may adjust trade parameters involved in light of particular market conditions, or decide against the trade if market elements not covered by the models dictate against the trade.

PNY provide marketing and client support and service to Insight Pareto's North American clients utilising the CRM strategy. This includes identifying prospective clients and the introduction and referral of institutional investors to Insight Pareto. PNY provides assistance in responding to request for proposals, making presentations to potential clients and such other marketing and sales services as Insight Pareto may reasonably require. PNY assists with the onboarding process for Insight Pareto's clients for both new clients and existing clients entering into new agreements with Insight Pareto.

PNY provides ongoing client support to Insight Pareto's North American clients that were introduced or referred by PNY. This includes providing client support services, and portfolio performance evaluations, and reviews to Insight Pareto and Insight Pareto's clients that are customary and advisable in the North American markets. It also includes evaluation of Insight Pareto's client servicing capabilities and evaluation of those performance reviews and evaluations that Insight Pareto may from time to time perform. In practice, this support consists of daily oversight and management of Insight Pareto's North American clients CRM portfolios including verbal and written correspondence with the client, periodic portfolio commentary and analysis, in-person portfolio reviews and ad-hoc reporting and service requests. PNY is the primary point of contact for changes in Insight Pareto's North American clients' portfolio mandate, co-ordination of on-site meetings and Insight Pareto's correspondence with clients and their investment consultants, where applicable.

ii) Risk Analysis

Our strategies involve trading actively in derivative instruments in the currency markets. Although these markets are highly liquid, transaction costs do have an impact on performance and there is a risk that volatile market conditions will require a higher level of activity than normal. This would negatively impact performance through higher transaction costs.

For CRM there is a risk that sudden changes in the client's base currency will not be captured. This may result in a missed opportunity to add value relative to the client's benchmark. It is also possible that such moves could cause the allocated risk budget to be exceeded, although this risk is specifically managed by the model.

The risks set forth below represent a general summary of the material risks involved in the investment strategies we offer.

GENERAL RISKS THAT APPLY TO ALL STRATEGIES OFFERED

Investing in securities involves risk of loss that the investor 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 that the investments we have made on behalf of our clients will be profitable, and in fact substantial losses could be incurred. Investments with us are not a bank deposit and are not insured or guaranteed by the FDIC or any other government agency.

DEPENDENCE ON INSIGHT PARETO

The success of the strategies depends in large part upon the skill and expertise of Insight Pareto to develop and effectively implement the strategies' investment objectives. Investors will be relying entirely on Insight Pareto to manage the strategies. Subjective decisions made by Insight Pareto may cause client accounts to incur losses or to miss profit opportunities on which they would otherwise have capitalized.

RETENTION AND MOTIVATION OF KEY EMPLOYEES

The performance of the strategies is largely dependent on the talents and efforts of highly skilled individuals employed by Insight Pareto. The success of the strategies depends on Insight Pareto's ability to identify and willingness to provide acceptable compensation to attract, retain and motivate talented investment professionals and other employees. There can be no assurance that Insight Pareto's investment professionals will continue to be associated with Insight Pareto throughout the life of the strategy, and the failure to attract or retain such investment professionals could have a material adverse effect on the strategies including, for example, by limiting Insight Pareto's ability to pursue particular investment strategies discussed herein. Competition in the financial services industry for qualified employees is intense and there is no guarantee that the talents of Insight Pareto's investment professionals could be replaced.

INCREASED REGULATORY OVERSIGHT

The financial services industry generally, and the activities of hedge funds and their managers in particular, have been subject to intense and increasing regulatory scrutiny. Such scrutiny may increase Insight Pareto's exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight can also impose administrative burdens on Insight Pareto, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert Insight Pareto's time, attention and resources from portfolio management activities.

In addition, it is anticipated that, in the normal course of business, Insight Pareto's officers will have contact with governmental authorities, and/or be subjected to responding to questionnaires or examinations. This is typical in connection with the examination of a registered investment adviser.

GENERAL ECONOMIC CONDITIONS AND MARKET CONDITIONS

The success of the strategies will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of financial instrument prices and the liquidity of the positions. Volatility or illiquidity could impair the profitability or result in losses. Strategies may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets – the larger the positions, the greater the potential for loss.

The economies of non-US countries may differ favorably or unfavorably from the US economy in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, certain non-US economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain non-US countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

CURRENT MARKET CONDITIONS AND GOVERNMENTAL ACTIONS

Beginning in the fourth quarter of 2008, world financial markets experienced extraordinary market conditions, including, among other things, extreme losses and volatility in securities markets and the failure of credit markets to function. These events have largely been attributed to the combination of a real estate bubble in the United States and the securitization and deregulation of real estate mortgages in a way that made the risks of mortgage-backed securities difficult to assess. In reaction to these events, regulators in the US and several other countries undertook unprecedented regulatory actions. Today, such regulators continue to consider and implement additional measures to stabilize and encourage growth in US and global financial markets including the Eurozone which is experiencing a period of instability and reduced liquidity.

It is uncertain whether the regulatory actions taken by regulators or any other regulatory actions will be able to prevent further losses and volatility in securities markets, or stimulate the credit markets.

Insight Pareto's strategies may be materially adversely affected by the foregoing events, or by similar or other events in the future. In the long term, there may be significant new regulations that could limit Insight Pareto's, activities and investment opportunities or change the functioning of capital markets, and there is the possibility that the severe worldwide economic downturn could continue for a period of years. Consequently, Insight Pareto may not be capable of, or successful at, preserving the value of assets, generating positive investment returns or effectively managing risks.

Legal, tax and regulatory developments that may adversely affect clients' accounts could occur during the term of the relationship. Securities and futures markets are subject to comprehensive statutes, regulations and margin requirements enforced by the SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions is an evolving area of law and is subject to change by government and judicial actions. There has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry in general. It is impossible to predict what, if any, changes in laws and regulations may occur, but any laws and regulations which restrict the ability of the strategies to trade in securities or the ability of Insight Pareto to employ, brokers and other counterparties to extend credit in its trading (as well as other regulatory changes that result) could have a material adverse impact on the strategies.

HIGHLY VOLATILE MARKETS

The positions held by the strategies can be highly volatile. Price movements of forwards, futures and other derivative contracts in which the client assets may be invested can be highly volatile and are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in government bonds, currencies, financial instruments, futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The effect of such intervention is often heightened by a group of governments acting in concert. The strategies may make certain speculative investments in currencies which Insight Pareto believes to be undervalued; however, there are no assurances that the currencies purchased will in fact be undervalued. In addition, the client account may be required to hold such currencies for a substantial period of time before realizing their anticipated value.

CURRENCY OPTIONS

Like the writing of other kinds of options, the writing of an option on a currency constitutes only a partial hedge, up to the amount of the premium received; the client could also be required, with respect to any option it has written, to purchase or sell currencies at disadvantageous exchange rates, thereby incurring unlimited losses. The purchase of an option on a currency may constitute an effective hedge against fluctuation in exchange rate, although in the event of rate movements adverse to the client's position, the client could forfeit the entire amount of the premium plus related transaction costs.

CALL OPTIONS

The client's account may incur risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (i.e., the writer holds the underlying currency) assumes the risk of a decline in the market price of the underlying currency below the purchase price of the underlying currency less the premium received, and gives up the opportunity for gain on the underlying currency above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying currency above the exercise price of the option. The currencies necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing currencies to cover the exercise of an uncovered call option can cause the price of the currencies to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

PUT OPTIONS

The client's account may incur risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying currency) assumes the risk of an increase in the market price of the underlying currency above the sales price (in establishing the short position) of the underlying currency plus the premium received, and gives up the opportunity for gain on the underlying currency if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying currency below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

FORWARD CONTRACTS

Client accounts may enter into forward contracts that are not traded on exchanges and are generally not regulated. There are no limitations on daily price moves of forward contracts. Banks may require clients to deposit margin with respect to such trading, although margin requirements are often minimal or nonexistent. Counterparties are not required to continue to make markets in such contracts. There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward contracts may be made with only one or a few counterparties, and liquidity problems therefore might be greater than if such arrangements were made with numerous counterparties. The imposition of credit controls by governmental authorities might limit such forward trading to less than the amount that Insight Pareto would otherwise recommend, to the possible detriment of the client account.

NON-DELIVERABLE FORWARDS

Non-deliverable forwards are used for currencies of countries that may impose certain currency market restrictions. Non-deliverable forwards are similar to traditional forward contracts, in that an agreement is made to buy and sell a specific amount of one currency in exchange for another currency for settlement on a predetermined future date and at a pre-agreed rate, except that there is no physical delivery of the referenced currencies. The contracts are cash-settled at expiration in a deliverable currency, such as US dollars.

SWAP AGREEMENTS.

Insight Pareto, on behalf of its clients, may enter into swap agreements and options on swap agreements ("swaptions"). These agreements can be individually negotiated and structured to include exposure to a variety of different types of investments, asset

classes or market factors. The strategies, for instance, may enter into swap agreements with respect to interest rates, credit defaults, currencies, securities, indexes of securities and other assets or other measures of risk or return. Depending on their structure, swap agreements may increase or decrease the client account's exposure to, for example, long-term or short-term interest rates, foreign currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names.

Whether the strategies' use of swap agreements or swaptions will be successful will depend on Insight Pareto's ability to select appropriate transactions for the client account. Swap transactions may be highly illiquid and may increase or decrease the volatility of the client's portfolio. Moreover, the client account bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty.

OPERATIONAL RISK

The strategies depend on Insight Pareto to develop appropriate systems and procedures to control operational risk. These systems and procedures may not account for every actual or potential disruption of the strategies' operations. Insight Pareto's business is dynamic and complex. As a result, certain operational risks are intrinsic to the strategies' operations, especially given the volume, diversity and complexity of transactions that the strategies are expected to enter into daily. Insight Pareto's business is highly dependent on its ability to process, on a daily basis, transactions across numerous and diverse markets. Consequently, Insight Pareto relies heavily on its financial, accounting and other data processing systems. The ability of its systems to accommodate an increasing volume, diversity and complexity of transactions could also constrain the ability of Insight Pareto to properly manage its strategies. Systemic failures in the systems employed by Insight Pareto and/or counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. These and other similar disruptions in Insight Pareto's operations may cause clients' accounts to suffer, among other things, financial loss, the disruption of its businesses, liability to third parties, regulatory intervention or reputation damage.

SYSTEMS RISKS

The strategies depend on Insight Pareto to develop and implement appropriate systems for the strategies' activities. Insight Pareto relies extensively on computer programs and systems (and may rely on new systems and technology in the future) for various purposes including, without limitation, to trade, clear and settle transactions, to evaluate certain financial instruments, to monitor its portfolio and net capital, and to generate risk management and other reports that are critical to oversight of Insight Pareto's activities. Certain of Insight Pareto's operations interfaces will be dependent upon systems operated by third parties, including market counterparties and their sub-custodians and other service providers, Insight Pareto may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain limitations, including, but not limited to, those caused by computer "worms", viruses and power failures. Insight Pareto's operations are highly dependent on each of these systems and the successful operation of such systems is often out of Insight Pareto's control. The failure of one or more systems or the inability of such systems to satisfy Insight Pareto's new or growing businesses could have a material adverse effect on the strategies. For example, systems failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect the ability of the client to monitor its investment portfolio and risks.

CREDIT RISK

Because many purchases, sales, financing arrangements and derivative transactions will involve instruments that are not traded on an exchange, but are instead traded between counterparties based on contractual relationships, client accounts are subject to the risk that a counterparty will not perform its obligations under the related contracts. Although Insight Pareto as agent for client accounts intends to trade only with counterparties that Insight Pareto believes to be creditworthy, there can be no assurance that a counterparty will not default and that the client account will not sustain a loss on a transaction as a result.

Client accounts are subject to the risk that issuers of the instruments in which they invest and trades may default on their obligations under those instruments, and that certain events may occur which have an immediate and significant adverse effect on the value of those instruments. There can be no assurance that an issuer of an instrument will not default, or that an event which has an immediate and significant adverse effect on the value of an instrument will not occur, and that the client account will not sustain a loss on a transaction as a result.

Transactions may be executed on various US and non-US exchanges, and may be cleared and settled through various clearing houses, custodians, depositories and prime brokers throughout the world. Although Insight Pareto will attempt to execute, clear and settle the transactions through entities it believes to be sound, there can be no assurance that a failure by any such entity will not lead to a loss to the client.

NECESSITY FOR COUNTERPARTY TRADING RELATIONSHIPS; COUNTERPARTY RISK

Insight Pareto, on behalf of its client accounts, expects to establish relationships to obtain foreign exchange dealing lines, derivative intermediation and prime brokerage services that permit Insight Pareto to trade in any variety of currency markets or asset classes over time; however, there can be no assurance that Insight Pareto will be able to establish such relationships or maintain such relationships. An inability to establish or maintain such relationships would limit Insight Pareto's trading activities, could create losses, preclude Insight Pareto from engaging in certain transactions, derivative intermediation and prime brokerage services and prevent Insight Pareto from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships before Insight Pareto establishes additional relationships could have a significant impact on Insight Pareto's business due to Insight Pareto's reliance on such counterparties.

Some of the markets in which Insight Pareto may effect its transactions are "over-the-counter" or "inter-dealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearing house, might not be available in connection with such "over-the-counter" transactions. This exposes the client account to the risk that a counterparty will not settle a transaction because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the client account to suffer a loss.

COUNTERPARTY DEFAULT

The stability and liquidity of swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. Insight Pareto monitors on an ongoing basis the creditworthiness of firms with which it will execute transactions in over-the-counter derivatives. If there is a default by the counterparty to such a transaction, the client account will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. If one or more client account's counterparties were to become insolvent or the subject of insolvency or reorganization proceedings in the United States (either under Securities Investor Protection Act or the United States Bankruptcy Code) or in other jurisdictions that the recovery of the client's financial instruments from such counterparty may be delayed or be of a value less than the value of the transaction or originally agreed with such counterparty.

In addition, Insight Pareto may use counterparties located in jurisdictions outside the United States. Such local counterparties are subject to the laws and regulations in foreign jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to client accounts are subject to substantial limitations and uncertainties. Because of the number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of the insolvency of such local counterparties on the client account and its assets. Investors should assume that the insolvency of any counterparty would result in a loss to the client account, which could be material.

SHORT-TERM MARKET CONSIDERATIONS

Insight Pareto's trading decisions may be made on the basis of short-term market considerations. Therefore, the investment portfolio turnover rate could result in significant trading related expenses.

DERIVATIVES RISK

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

EMERGING MARKET RISK

Emerging markets tend to be more volatile and less liquid than the markets of more mature economies, and generally have less diverse and less mature economic structures and less stable political systems than those of developed countries. The securities of issuers located or doing substantial business in emerging markets are often subject to rapid and large changes in price. In particular, emerging markets may have relatively unstable governments, present the risk of sudden adverse government or regulatory action and even nationalization of businesses, restrictions on foreign ownership or prohibitions on 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.

FOREIGN CURRENCY RISK

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

INVESTMENT STRATEGY RISK

A strategy's investment criteria may limit the number of investment opportunities available to the strategy, and, as a result, at times the strategy's returns may be lower than those of strategies that are not subject to such special investment considerations. Where risk is allocated between different strategies in a portfolio, the strategies can perform differently from each other at any given time. Therefore overall performance may be affected by the allocation between different strategies.

LEVERAGE RISK

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

LIQUIDITY RISK

When there is little or no active trading market for specific types of securities, it can become more difficult to sell the securities at or near their perceived value. In such a market, the value of such securities and the value of the investment may fall dramatically, even during periods of declining interest rates. Liquidity risk also exists when a particular derivative instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price. The secondary market for certain municipal bonds tends to be less well developed or liquid than many other securities markets, which may adversely affect a strategy's ability to sell such municipal bonds at attractive prices.

More information about the risks associated with our strategies is available upon request.

ITEM 9. DISCIPLINARY INFORMATION

Several State Attorney General's Offices, the U.S. Attorney's Office for the Southern District of New York and certain other plaintiffs have filed civil complaints against The Bank of New York Mellon (the "Bank") and/or The Bank of New York Mellon Corporation ("BNY Mellon"). BNY Mellon is the parent company of the Bank and Pareto New York LLC. 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 the Bank and/or BNY Mellon improperly charged and reported prices for standing instruction foreign exchange ("FX") transactions executed in connection with custody services provided by the Bank. 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. Pareto New York LLC is not a defendant to any of these actions.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As a part of the BNY Mellon group, PNY is affiliated with a number of subsidiaries. PNY has relationships with the following affiliates which are material to its advisory business:

PNY provides marketing of Insight Pareto's strategies and servicing for local markets in North America.

Insight Investment Management Limited (and other members of the Insight Group)

Pareto Investment Management Limited is a subsidiary of the Insight Group which comprises those companies wholly owned by Insight Investment Management Limited which in turn is a wholly owned subsidiary of The Bank of New York Mellon Corporation. Services offered in the US, Canada and Australia are offered by Pareto Investment Management Limited under the Insight Pareto brand.

PNY is controlled by Insight but is not part of the Insight Group. PNY is a wholly owned subsidiary of BNY Mellon.

Insight Pareto's parent, BNY Mellon is a Global Financial Services Company:

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

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

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

BNY Mellon's Status as a Bank Holding Company

BNY Mellon and its direct and indirect subsidiaries, including [the Adviser / Firm], are subject to certain U.S. banking laws, including the Bank Holding Company Act of 1956, as amended (the "BHCA"), and to regulation and supervision by the Board of Governors of the Federal Reserve System (the "Federal Reserve"). The BHCA generally prohibits BNY Mellon and its direct and indirect subsidiaries in the aggregate to own or control 5% or more of certain U.S. banking institutions without prior approval of the Federal Reserve. The foregoing limits may have an adverse effect on our ability to manage client investment portfolios. For example, depending on the percentage of a U.S. banking institution we and our affiliates (in the aggregate) control at any given time, the limits may (1) restrict our ability to invest in a U.S. banking institution for certain clients and/or (2) require us to sell certain client holdings of a U.S. banking institution at a time when it may be undesirable to take such action.

BNY MELLON INCENTIVE REFERRAL COMPENSATION PLAN

PNY follows the principles of BNY Mellon's incentive compensation program as described.

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.

AFFILIATED PLACEMENT AGENTS

Insight Pareto has affiliated "placement agents," including MBSC Securities Corporation/BNY Mellon Asset Management International Limited, who solicit persons to invest in various private funds, as well as our separate account products. Certain private funds have entered into agreements with these placement agents to pay them commissions or fees for such solicitations. We or our affiliates are solely responsible for the payment of these commissions and fees - they will not be borne by the private funds and their investors. We or our affiliates pay these commissions and fees out of our profits, and these payments do not increase the fees paid by the private fund's investors. These financial incentives may cause the placement agents and their

employees and/or salespersons to steer investors toward those private funds that will generate higher commissions and fees. Please see Item 14 for more information on the compensation arrangements related to client referrals.

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.

OTHER RELATIONSHIPS

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

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

AFFILIATED BROKER-DEALERS AND INVESTMENT ADVISERS

We are affiliated with a significant number of advisers and broker/dealers. Please see Form ADV, Part I - Schedule D, Section 7.A for a list of our affiliated advisers and broker-dealers. Where we select the broker to effect purchases or sales of securities for client accounts, we may use either an affiliated or unaffiliated broker (unless otherwise restricted by an agreement, law or regulation).

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.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING

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

BNY Mellon Code of Conduct and Interpretive Guidance (the “BNY Mellon Code”); and

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:

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;

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;

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;

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;

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

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

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

Investment Employee (“IE”): IEs are employees who, as part of their responsibilities, have access to non public information regarding any advisory client’s purchase or sale of securities or non public 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.

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.

Other Employee (“OE”): Our employees are considered OEs if they are not an IE or ADM.

PSTP Overview:

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;

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;

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;

BNY Mellon 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;

The acquisition of any securities in a private placement requires prior written approvals;

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);

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

No covered employee should knowingly participate in or facilitate late trading, market timing or any other activity with respect to any fund in violation of applicable law or the provisions of such fund's disclosure documents.

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

INTEREST IN CLIENT TRANSACTIONS

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

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

We do not engage in cross transactions.

We or our affiliates may execute transactions for clients, at or about the same time that we or one of our affiliates executes similar transactions 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 transactions on both our (or our affiliate's) behalf and our clients' behalf.

Further, a potential conflict of interest could be viewed as arising if a transaction in our own account closely precedes a transaction in a client account, such as when a subsequent purchase by a client account increases the value of our own transaction. Our compliance monitoring program reviews periodic transaction to evaluate the nature of sequenced transactions.

ITEM 12. BROKERAGE PRACTICES

Broker Selection

PNY does not execute transactions for client accounts and so does not select brokers.

Soft Dollars

We do not use/receive research or other products or services other than execution from a broker-dealer or third party in connection with client securities transactions.

Compensation for Client Referrals - Brokerage for Client Referrals:

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

Trade Aggregation and Trade Allocation

PNY does not currently aggregate trades as it does not execute transactions for client accounts.

ITEM 13. REVIEW OF ACCOUNTS

Review of each client account is overseen by Insight Pareto. Each client's account is assigned to two officers from the Client Portfolio Management (CPM) team. It is the responsibility of this team to reach an understanding with the client as to the appropriate guidelines and objectives of the account. As part of the set-up process, a formal review of the account is undertaken by a responsible member of each business area (Research, CPM, Investment Management, Legal and Credit, Compliance, Marketing, Administration and IT). A report documenting the set up of the account and including a brief description of the strategy is provided within 10 business days. Following the set up of the account, day to day responsibility for supervision of the account is assigned to the CPM team.

Clients receive valuation and transaction statements at the end of each month. These statements describe all positions held, the quantity and market rate for each position and the market value of the account expressed in the client's base currency translated at current rates of exchange. Positions are broken down by type of asset and by market value or currency of denomination. All changes in holdings are listed by date. Following formal reviews, and when requested by the client, additional supplementary information and reports may also be provided. Formal periodic account reviews are generally undertaken by members of the CPM team, with the Insight Pareto Research Team if appropriate.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

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

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

In certain circumstances, 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 Group counterparts. Those fees are based on the first year's revenue for the Group counterpart.

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

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

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

ITEM 15. CUSTODY

We do not have “custody” of client assets for purposes of the Custody Rule. 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.

ITEM 16. INVESTMENT DISCRETION

Insight Pareto typically accepts discretionary investment authority over client assets and exposures. Clients must grant this discretionary authority to Insight Pareto in writing via a contract. Such discretion is to be exercised in a manner consistent with the stated investment objectives and guidelines for the particular client account.

ITEM 17. VOTING CLIENT SECURITIES

PNY does not execute transactions for client account. Due to the nature of our strategies and the instruments that Insight Pareto invests in, this section is not applicable.

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. PNY 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.

