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This brochure provides information about the qualifications and business practices of Cutwater Investor Services Corp. ("CISC"). If you have any questions about the contents of this brochure, please contact CISC at 212-365-3100 or info@cutwater.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Cutwater Investor Services Corp. is registered with the SEC as an investment adviser. CISC's registration in no way implies a certain level of skill or training.

Item 2: Material Changes

- Item 5 has been updated to include additional fee schedules for the strategies offered by CISC.
- Item 6 has been updated to include further information on CISC performance fee and side by side management arrangements, including details on conflicts of interest that may arise.
- Item 8 has been amended to include more detailed information on all of the strategies offered by CISC and the corresponding risks, including information on risks not previously described in this section.
- Item 9 has been updated to describe the current status of disciplinary information regarding BNY Mellon.
- Item 10 has been amended to include detail on the arrangements CISC has with the Insight Group of companies, the BNY Mellon Incentive Compensation Plan and other affiliations that CISC has as a result of being part of the BNY Mellon Group.
- Item 11 has been updated to include detail on CISC and its affiliate's potential interest in client transactions.
- Item 12 has been amended to describe CISC's brokerage practices when selecting brokers, accepting direction from clients and aggregating trades.
- Item 14 has been amended to describe CISC's arrangements with affiliated and unaffiliated solicitors and placement agents including those within the BNY Mellon Group.

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Item 4: Advisory Business

CISC provides fixed income investment advisory services to a variety of investors. Established in 1990, CISC was known as MBIA Municipal Investors Service Corp. from its inception until February 8, 2010. CISC and its investment adviser affiliate engage in business under the name Cutwater Asset Management (“Cutwater”). CISC is the principal operating company of Cutwater. The business units of Cutwater are organized under a parent holding company called Cutwater Holdings, LLC. As of January 2015, CISC is a wholly owned subsidiary of The Bank of New York Mellon (“BNY Mellon”) and will work closely with, and be administered by, Insight Investment, a European asset manager and one of BNY Mellon’s investment management subsidiaries. Please see Item 10 for further description of the arrangements between Insight and Cutwater.

CISC’s advisory services are offered to institutional clients in three major product lines: total return, customized and structured. Within the total return product line, CISC offers cash management, as well as discretionary and non-discretionary asset management in both pooled and separate account formats. CISC also provides fund accounting and administrative services to a local government investment pool. Within the customized product line, CISC manages asset/liability programs as well as insurance portfolios and tax efficient strategies. Within the structured product line, CISC manages absolute return strategies as well as conduits, collateralized debt obligations (“CDOs”), and other funding vehicles for clients. CISC also serves as investment adviser to SEC registered open-end and closed-end investment companies.

CISC offers investment advisory services tailored to meet clients’ investment goals. CISC works with clients to create investment guidelines mutually acceptable to the client and CISC. When creating investment guidelines, clients may impose investment restrictions in certain individual securities or types of securities. Clients who impose investment restrictions might limit our ability to employ a specified strategy resulting in investment performance that differs from that of the model and other client accounts. The strategies in which CISC may invest client assets and the fees CISC may receive for managing such strategies are described below.

CISC also offers investment advisory services in the form of pooled investment vehicles or “funds”. Each pooled investment vehicle has an investment objective and a set of investment policies and/or guidelines that CISC must follow. For this reason, CISC cannot tailor the investment advisory services CISC provides to our funds to meet individual investor needs. In addition, CISC cannot impose individual investment restrictions on our investment strategies for underlying investors in the pooled investment vehicle

CISC can create individualized portfolio strategies based on a number of factors both internal and external to the client. These factors can include a client’s unique cash flow needs, and its regulatory and policy requirements. CISC works with individual clients to develop an investment framework based on the client’s risk tolerance, investment policy and current market conditions.

CISC provides discretionary and non-discretionary investment advisory services to institutional investors in the form of separate accounts, registered open or close ended mutual funds and other pooled investment vehicles (“private funds”) that are exempt from registration in the United States.

As of December 31, 2014, CISC provided investment advisory services to a total of 199 accounts with total assets under management (“AUM”) of \$20.36 billion. This total included 119 discretionary accounts with total AUM of \$16.37 billion and 80 non-discretionary accounts with total assets of \$3.99 billion.

Item 5: Fees and Compensation

CISC is compensated for its investment advisory services through fees which are primarily calculated as a percentage of assets under management in client accounts. CISC is also compensated through fixed fee structures and performance fees in some cases. All fees are subject to negotiation and are dependent on account services provided and portfolio size. CISC has sample fee schedules which apply to accounts associated with various product lines. For certain of CISC’s clients, the fee calculation may be based upon the average or ending market value of client account assets on either a monthly or quarterly basis. In other cases, the average historical cost value will serve as the basis for the fee calculation. In the case of CISC’s registered funds and Local Government Investment Pool accounts, fees are calculated based on the daily net asset value or daily amortized cost value of the respective program’s assets. In each case, client account assets are multiplied by a basis point fee, the amount of which varies, depending on the contractual relationship with a particular client. Our fees are generally billed in arrears. However, some clients may pay fees in advance at their own discretion. If a client opts to pay its management fees in advance and the applicable agreement is ultimately terminated prior to the end of the billing period, the management fees will be prorated for the portion of the billing period in which the agreement was in effect and CISC will issue the client a refund for any excess fees.

The investment advisory agreement may also provide that a client will incur fees and expenses in addition to our advisory fees such as custody, brokerage and other transaction costs, administrative and other expenses. Examples of other costs and expenses may include markups, mark-downs and other amounts included in the price of a security, odd-lot differentials, transfer taxes, wire transfer fees and electronic fund fees. Information on how CISC charges and collect fees is included in each investment advisory agreement. Please see Item 12 of this brochure for more information on our brokerage practices.

CISC maintains separate fee schedules for each of its investment strategies.

The fee schedule for client accounts managed pursuant to CISC’s Core Fixed Income investment strategy (“Core”), part of our traditional product line, is as follows: 0.30% on the first \$25 million, 0.25% on the next \$25 million and 0.20% in excess of \$50 million.

The fee schedule for client accounts managed pursuant to CISC’s Core Plus Fixed Income strategy, part of our traditional product line, is as follows: 0.35% on the first \$25 million, 0.30% on the next \$25 million and 0.25% in excess of \$50 million.

The fee schedule for client accounts managed pursuant to CISC's Core Plus Select Income strategy, part of our traditional product line, is as follows: 0.40% on the first \$25 million, 0.35% on the next \$25 million and 0.30% in excess of \$50 million.

The fee schedule for client accounts managed pursuant to CISC's Money Market strategy, part of our traditional product line, is as follows: 0.15% on all assets.

The fee schedule for client accounts managed pursuant to CISC's Short-Term Fixed Income strategy ("Short Duration"), part of our traditional product line, is as follows: 0.25% on the first \$25 million, 0.20% on the next \$25 million and 0.15% in excess of \$50 million.

The fee schedule for client accounts managed pursuant to CISC's Intermediate strategy, part of our traditional product line, is as follows: 0.30% on the first \$25 million, 0.25% on the next \$25 million and 0.20% in excess of \$50 million.

The fee schedule for our client accounts managed pursuant to CISC's Long duration strategy, part of our traditional product line, is as follows: 0.30% on the first \$25 million, 0.25% on the next \$25 million and 0.20% in excess of \$50 million.

The fee schedule for client accounts managed pursuant to CISC's High Yield Fixed Income strategy ("High Yield"), part of our traditional product line, is as follows: 0.50% on the first \$25 million, 0.40% on the next \$25 million and 0.30% in excess of \$50 million.

The fee schedule for client accounts managed pursuant to CAMC's Absolute Return strategy, part of our structured product line, is as follows: 1.50% of all assets and 20% of all returns over 8%. (net of base fee)

The fee schedule for client accounts managed pursuant to CAMC's Enhanced Cash strategy, part of our traditional product line, is as follows: 0.20% on the first \$25 million, 0.15% on the next \$25 million and 0.10% in excess of \$50 million.

Registered funds and local government investment pools could be charged up to 0.50% per annum subject to partial fee waivers in response to market conditions. Each registered fund's prospectus sets forth the applicable fees and expenses, many of which are not paid for by CISC. Registered funds are responsible for the general costs of conducting their business, including: legal, taxes, audit, custodian, and other costs of maintaining corporate existence.

Generally, CISC bills clients for fees incurred; however, in the case of local government investment pools for which CISC acts as program administrator/adviser, fees are deducted directly from client accounts.

With respect to unregistered pooled investment vehicles ("Private Funds"), the applicable fees and expenses are set forth in the Private Fund's investment advisory agreement, subscription agreement and/or other governing documents, or the offering memorandum, if applicable.

CISC bills clients and/or deducts fees on a monthly or quarterly basis subject to the applicable contractual agreement. Generally, all expenses and fees are included in investment advisory fees charged to clients by CISC. In most cases clients separately pay custodian fees, although in a limited number of cases, CISC will pay the fees on behalf of the client. CISC clients do not incur separate brokerage or other transaction costs because transactions in fixed income securities for client accounts are conducted on a net basis without commissions.

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

With respect to a client account, if CISC decide to invest in interests in one of our private funds, CISC may rebate a portion of the client account fees back to the client in an amount equal to the advisory fee of the fund in which the client invested, unless otherwise agreed or disclosed to the client.

Pooled Investment Vehicle Fees: The funds CISC manages are subject to investment advisory fees which vary and are expressed as a percentage of the Fund's net asset value. Fees are calculated based on [average daily net assets] and paid to the fund [monthly/quarterly in arrears]. Funds may also be subject to additional charges such as custody, brokerage and other transaction costs, administrative and other expenses. Fees are not generally negotiable, though they may be waived or deferred at the discretion of the fund in accordance with the fund's offering materials. Such waivers and deferrals will cause some clients or groups of clients to pay fees that are different from the basic fee schedules disclosed in fund offering materials. Please see the applicable fund's offering materials for further information regarding fees. Further, our funds also charge performance fees. Please see Item 6 below for more information on performance fees. Please see Item 12 of this brochure for more information on brokerage practices.

Item 6: Performance-Based Fees and Side-By-Side Management

Performance-based fees may be approved for certain managed accounts and private fund clients. The rate of any performance-based fee would be calculated with reference to the outperformance of the account in relation to a selected performance benchmark.

Portfolio managers in such situations may have an incentive to favor accounts which are subject to a performance-based fee. To this end, CISC has adopted policies, rules and procedures for: trade execution, trade allocation and order aggregation which are intended to ensure that investment opportunities are allocated fairly and consistently among client accounts over time.

Portfolio managers' compensation is not based on the performance of individual accounts. Portfolio managers are compensated based on overall composite performance. This compensation structure provides no incentive for portfolio managers to favor performance-based fee accounts.

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, CISC describes our performance-based fee arrangements and our side-by-side management activities and the inherent conflicts in such arrangements.

CISC may enter into performance-based fee arrangements with clients. These arrangements provide for an asset-based management fee, based on the market value of the account at specified month/quarter end, plus a performance-fee based on the portfolio's return in excess of a specified benchmark during a designated period of time

Side-by-side management refers to our simultaneous management of multiple types of client accounts/investment products. For example, CISC manages separate accounts, managed accounts, and pooled investment vehicles for clients at the same time. Our clients have a variety of investment objectives, policies, strategies, limitations and restrictions. Our affiliates likewise manage a variety of separate accounts, managed accounts, and pooled investment vehicles.

Side-by-side management gives rise to a variety of potential and actual conflicts of interest for CISC, our employees and our supervised persons. Below CISC discusses the conflicts that CISC and our employees and supervised persons face when engaging in side-by-side management and how CISC deals with them. Note that certain of our employees are also officers or employees of one or more Firm affiliates ("dual officers"). These dual officers undertake investment management duties for the affiliates of which they are officers. Please see Item 10 for more information on our dual officer arrangements. When CISC and our affiliates concurrently manage client accounts/ investment products, and particularly when dual officers are involved, this presents the same conflicts as described below.

CISC manages accounts consistent with applicable law, and CISC follows procedures that are reasonably designed to treat our clients fairly and to prevent any client or group of clients from being systematically favored or disadvantaged. For example, CISC has Trade Allocation Policies and Procedures which are designed and implemented to ensure that all clients are treated fairly, and

to prevent these conflicts from influencing the allocation of investment opportunities among clients. Please see Item 12, Brokerage Practices for an explanation of our Trade Allocation Policies and Procedures.

Conflicts of Interest Relating to Accounts with Different Strategies

CISC and our affiliates manage numerous accounts with a variety of strategies, which may present conflicts of interest. For example, a long/short position in two client accounts simultaneously can result in a loss to one client based on a decision to take a gain in the other. Taking concurrent conflicting positions in certain derivative instruments can likewise cause a loss to one client and a gain to another. CISC also may face conflicts of interest when CISC has uncovered option strategies and significant positions in illiquid securities in side-by-side accounts. Positions taken for client accounts are taken independently from decisions taken for other strategies and affiliates.

Conflicts of Interest Relating to the Management of Multiple Client Accounts

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

Conflicts of Interest Relating to Investment in Affiliated Accounts

To the extent permissible under applicable law, CISC may decide to invest some or all of our temporary investments in money market accounts advised or managed by a BNY Mellon affiliate. In addition, CISC may invest client accounts in affiliated pooled vehicles. There exists an incentive to allocate investments to these types of affiliated accounts in order to generate additional fees for CISC or our affiliates.

Other Conflicts of Interest

As noted previously, we and our affiliates manage numerous accounts with a variety of interests. This necessarily creates potential conflicts of interest for us. For example, we or an affiliate may cause multiple accounts to invest in the same investment. Such accounts may have conflicting interests and objectives in connection with such investment, including differing views on the operations or activities of the portfolio company, the targeted returns for the transaction and the timeframe for and method of exiting the investment. Conflicts may also arise in cases where multiple Firm and/or affiliate client accounts are invested in different parts of an issuer's capital structure.

Item 7: Types of Clients

CISC clients include: corporations, insurance companies, unions, Taft-Hartley funds, municipalities, school districts, other local governmental entities, endowments, foundations, registered funds, alternative investment programs, and private funds. CISC currently does not impose a minimum account size.

CISC requires clients to execute a written investment management agreement with CISC, granting CISC authority to manage their assets.

Investments in private funds that CISC manages are also subject to minimum investment requirements. Please refer to the offering documents of such funds for more information

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

METHODS OF ANALYSIS

CISC employs the following methods of analysis in the management of client portfolios: sector allocation, security selection, yield curve positioning, and maturity/duration management.

Sector allocation is determined through a mix of quantitative and qualitative techniques. CISC tracks historical yield spreads among sectors with different risk characteristics over long time periods. CISC uses bottom-up fundamental research as a means for security selection. In the area of corporate credit, our analysts use a combination of financial statement analysis, analysis of developing industry trends, discussions with company management, and quantitative models to establish the creditworthiness of issuers in their sectors. In the structured products area, CISC uses loan level modeling, and proprietary cash flow analysis to establish the creditworthiness of the unique structures that characterize those sectors.

To establish yield-curve positioning, CISC analyzes yield pick-ups along the curve per unit of duration as well as key-rate durations of a specific managed portfolio relative to its index.

In managing portfolio maturity/duration CISC considers factors such as interest rate moves and yield curve shifts which influence the returns of a fixed income portfolio. CISC also considers factors that influence the economy and interest rates, such as monetary policy, fiscal policy, inflation, productivity, and other economic indicators.

INVESTMENT STRATEGIES

CISC relies on three primary product lines- total return, customized and structured. Total return strategies include: Core Fixed Income, Core Plus Fixed Income, Core Plus Select Income, Global Strategic Income, Money Market, Short Duration, Intermediate Duration, Long Duration, High Yield, Unconstrained Bond Strategy - Conservative, and Enhanced Cash Management. Customized strategies include: Liability Driven Investing ("LDI"), for insurance, municipalities, governments and other institutional clients. Structured strategies include Absolute Return strategies, and Collateralized Debt Obligations ("CDO") management. Described below are the principal investment strategies CISC uses in formulating investment advice and managing assets.

TOTAL RETURN STRATEGIES

Core Fixed Income

The Core Fixed Income strategy seeks high total return consistent with preservation of capital. The benchmark is the Barclays U.S. Aggregate Index. The strategy normally will invest its assets in a diversified portfolio of fixed income securities. The strategy purchases securities based on their yield or potential capital appreciation, or both. This strategy will primarily purchase investment grade securities rated “Baa3” by Moody’s or “BBB-” by S&P or Fitch or higher, but may invest a portion of the portfolio strategy in non-benchmark securities.

The strategy uses top-down economic and market forecasting (such as interest rate trends and yield curve shifts) with elements of bottom-up sector allocation and security selection to construct a portfolio of fixed income securities with varying maturities but with an average duration of between 4 and 6 years. Results from sector specialist research, model inputs and relative value assessments determine appropriate sector allocations. The strategy then focuses on security selection, analyzing credit risk based on, among other things, management depth and experience, competitive advantage, market position and overall financial strength.

Principal risks include, but are not limited to, interest rate risk, credit risk, liquidity risk and management risk.

Core Plus Fixed Income

The investment objective of the Core Plus Fixed Income (“Core Plus”) strategy is to maximize risk-adjusted total return from a combination of income and capital appreciation. The portfolio seeks to achieve its objective by investing primarily in a diversified portfolio of fixed income securities. Sector allocations and security selection are the key drivers of total return. Interest rate exposure is managed within a +/- 20% range of benchmark duration. The strategy has the ability to invest a portion of the portfolio in below investment grade securities. The Plus sectors generally comprise but may not be limited to high yield, emerging markets and non-dollar securities. The benchmark for the strategy is the Barclays U.S. Aggregate Bond Index. The investment universe is broadly comprised of the fixed income sectors and includes government bonds, corporate bonds, high yield bonds, global bonds, emerging market bonds, municipal bonds, and asset-backed and mortgage-backed bonds.

The strategy seeks to generate alpha over a full economic cycle through varying sector allocations, security selection, duration/curve positioning and risk positioning. Through a full cycle, the strategy seeks superior risk adjusted returns (Sharpe ratio, Information ratio) versus the index and versus peers. On an absolute basis, and versus an index, the portfolio will undertake credit risk, interest rate risk and liquidity risk.

Core Plus Select Income

The Core Plus Select Income strategy is a credit intensive strategy that is designed to safely seek sustainable income and high total return over a full economic cycle. It is a strategy focused on capturing “smart yield”. The strategy adds value through global diversification by finding bonds issued by world class companies regardless of where they are domiciled, including the emerging markets, primarily through sector or industry positions in the quasi-sovereign or

corporate space. Relative value is emphasized across a full breadth of asset classes and throughout the capital structure including the judicious use of below investment grade securities to add incremental yield and return in the portfolio. The benchmark for the strategy is the Barclays U.S. Credit Index. The investment universe is broadly comprised of the fixed income sectors and includes government bonds, corporate bonds, global bonds, emerging market bonds, municipal bonds, and asset-backed and mortgage-backed bonds. The strategy seeks to generate alpha over a full economic cycle through varying sector allocations, security selection, duration/curve positioning and risk positioning. Through a full cycle, the strategy seeks superior risk adjusted returns (Sharpe ratio, Information ratio) versus the index and versus peers. On an absolute basis, and versus an index, the portfolio will undertake credit risk, interest rate risk and liquidity risk.

Global Strategic Income

The global strategic income strategy seeks to maximize risk-adjusted return by identifying fixed income investment opportunities around the globe. Active asset allocation across sectors, subsectors, and geographic regions coupled with bottom up, value based security selection are used to generate the performance. The benchmark for the strategy is the Barclays Global Aggregate Bond Index. The strategy broadly invests in developed markets including US Treasuries, US Investment Grade Corporates, Non US Developed Market Bonds and US High Yield bonds, as well as emerging markets, both hedged and unhedged, for currency. Maximum allowable allocation to the Emerging Markets is 40% and maximum allocation to High Yield corporate bonds is 25%. Municipal Bonds, asset backed bonds and mortgage-backed bonds may also be utilized. The strategy seeks to generate alpha over a full economic cycle through varying sector and geographic allocations, security selection, duration and curve positioning and risk positioning. Through a full cycle, the strategy seeks superior risk adjusted returns (Sharpe ratio, Information ratio) versus the index and versus peers. On an absolute basis, and versus an index, the portfolio will undertake credit risk, sovereign risk, interest rate risk and liquidity risk.

Money Market

The Money Market strategy seeks to emphasize principal protection, diversification and liquidity through a low risk short-term strategy. The benchmark is the BofA Merrill Lynch 3-Month U.S. Treasury Bill Index. The investment universe generally includes U.S. government securities, repurchase agreements, commercial paper, short-term corporate notes, certificates of deposits, bank deposits, municipal bonds and mortgage/asset-backed securities. The strategy seeks to add alpha through active management which may include decisions with respect to security selection, sector allocation and curve positioning. The team seeks to manage risk in the context of preservation of capital while generating current income.

Short Duration

The Short Duration strategy seeks high total return consistent with preservation of capital. The benchmark is the BofA Merrill Lynch 1-3 Year U.S. Treasury Index. The strategy normally will invest its assets in a diversified portfolio of fixed income securities. The strategy purchases securities based on their yield or potential capital appreciation, or both. This strategy will primarily purchase investment grade securities rated “Baa3” by Moody’s or “BBB-” by S&P or Fitch or higher, but may invest up to 10% of the portfolio strategy in non-benchmark securities. The strategy uses top-down economic and market forecasting (such as interest rate

trends and yield curve shifts) with elements of bottom-up sector allocation and security selection to construct a portfolio of fixed income securities with varying maturities but with an average duration of between 1.5 and 2.5 years. Results from sector specialist research, model inputs and relative value assessments determine appropriate sector allocations. The strategy then focuses on security selection, analyzing credit risk based on, among other things, management depth and experience, competitive advantage, market position and overall financial strength. Principal risks include, but are not limited to, interest rate risk, credit risk, liquidity risk and management risk.

Intermediate Duration

The Intermediate Duration strategy seeks high total return consistent with preservation of capital. The benchmark is the Barclays Intermediate U.S. Government/Credit Index. The strategy normally will invest its assets in a diversified portfolio of fixed income securities. The strategy purchases securities based on their yield or potential capital appreciation, or both. This strategy will primarily purchase investment grade securities rated “Baa3” by Moody’s or “BBB-” by S&P or Fitch or higher, but may invest up to 10% of the portfolio strategy in non-benchmark securities. The strategy uses top-down economic and market forecasting (such as interest rate trends and yield curve shifts) with elements of bottom-up sector allocation and security selection to construct a portfolio of fixed income securities with varying maturities but with an average duration of between 3.25 and 4.75 years. Results from sector specialist research, model inputs and relative value assessments determine appropriate sector allocations. The strategy then focuses on security selection, analyzing credit risk based on, among other things, management depth and experience, competitive advantage, market position and overall financial strength. Risks include, but are not limited to, interest rate risk, credit risk, liquidity risk and management risk.

Long Duration

The investment objective of the Long Duration Fixed Income strategy is to maximize risk-adjusted total return from a combination of income and capital appreciation. The portfolio seeks to achieve its objective by investing primarily in a diversified portfolio of fixed income securities. Sector allocations and security selection are the key drivers of total return. Interest rate exposure is generally managed within a +/- 20% range of benchmark duration. The benchmark for the strategy is the Barclays U.S. Long/Government Credit Index. The investment universe is broadly comprised of the fixed income sectors and includes government bonds, corporate bonds, high yield bonds, global bonds, emerging market bonds, municipal bonds, and asset-backed and mortgage-backed bonds. The strategy seeks to generate alpha over a full economic cycle through varying sector allocations, security selection, duration/curve positioning and risk positioning. Through a full cycle, the strategy seeks superior risk adjusted returns (Sharpe ratio, Information ratio) versus the index and versus peers. On an absolute basis, and versus an index, the portfolio will undertake credit risk, interest rate risk and liquidity risk.

High Yield

The High Yield Fixed Income strategy seeks to generate high current income and long-term growth of capital through investing primarily in higher yielding, non-investment grade corporate debt securities. Under certain market conditions emerging market issues may also be used to enhance portfolio performance. Investment grade securities that exhibit high yielding characteristics will also be utilized as appropriate. Duration management will not be a large

driver of portfolio strategy. The benchmark for the strategy is the Barclays U.S. High Yield Index. The investment universe is broadly comprised of below investment grade corporate bonds, investment grade bonds, global bonds, emerging market bonds, municipal bonds, and asset-backed and mortgage-backed bonds. The strategy seeks to generate alpha over a full economic cycle through varying sector allocations, security selection, and risk positioning. Bottom-up security selection is the dominant source of alpha in the strategy. Through a full cycle, the strategy seeks superior risk adjusted returns (Sharpe ratio, Information ratio) versus the index and versus peers. On an absolute basis, and versus an index, the portfolio will undertake credit risk, interest rate risk and liquidity risk.

Unconstrained Bond

The Unconstrained Bond strategy generally seeks attractive risk-adjusted total returns over a 3-5 year market cycle. The strategy targets an absolute return over a 3-5yr market cycle; the absolute return target is typically a spread over U.S. Dollar 1-month LIBOR. The strategy generally has the flexibility to invest broadly across the global fixed income markets. The investment universe may include U.S. and non-U.S. government bonds, U.S. and non-U.S. corporate bonds, high yield and emerging market debt, leveraged loans/loan participations, mortgage-backed securities, asset-backed securities, collateralized loan obligations, municipal bonds, and agency debt. Portfolios may also employ various fixed income derivatives (credit, interest rate, foreign exchange, basis) including futures, options, swaps and forward contracts. For some portfolios the investment universe is narrowed. The strategy seeks to generate alpha through sector allocation, security selection, duration/curve positioning and credit risk management. For some portfolios, the strategy may also seek to generate alpha through currency exposure.

Enhanced Cash Management

Enhanced Cash Management strategy seeks to provide the liquidity of traditional money market funds but with a desire to migrate away from the restrictions of SEC rule 2A-7 in search of higher yield. The benchmark is the BofA Merrill Lynch U.S. 3-Month Treasury Bill Index. The strategy normally will invest its assets in a diversified portfolio of fixed income securities. The strategy purchases securities based on their yield or potential capital appreciation, or both. This strategy will primarily purchase investment grade securities rated “Baa3” by Moody’s or “BBB-” by S&P or Fitch or higher, but may invest up to 10% of the portfolio strategy in non-benchmark securities. The strategy uses top-down economic and market forecasting (such as interest rate trends and yield curve shifts) with elements of bottom-up sector allocation and security selection to construct a portfolio of fixed income securities with varying maturities but with an average duration of less than 1 year. Results from sector specialist research, model inputs and relative value assessments determine appropriate sector allocations. The strategy then focuses on security selection, analyzing credit risk based on, among other things, management depth and experience, competitive advantage, market position and overall financial strength. Principal risks include, but are not limited to, interest rate risk, credit risk, liquidity risk and management risk.

Corporate Credit

The investment objective of the Credit strategy is to maximize risk-adjusted total return from a combination of income and capital appreciation. The portfolio seeks to achieve its

objective by investing primarily in a diversified portfolio of investment grade credit securities. Sub - sector allocations and security selection are the key drivers of total return. Interest rate exposure is managed within a +/- 20% range of benchmark duration. The benchmark for the strategy is the Barclays Credit Index. The investment universe is primarily investment grade corporate securities but will opportunistically allocate to other sectors of the fixed income market. The strategy seeks to generate alpha over a full economic cycle through varying sub-sector allocations, security selection, duration/curve positioning and risk positioning.

Through a full cycle, the strategy seeks superior risk adjusted returns (Sharpe ratio, Information ratio) versus the index and versus peers. On an absolute basis, and versus an index, the portfolio will undertake credit risk, interest rate risk and liquidity risk.

Corporate Credit Absolute Return

The Corporate Credit absolute Return strategy seeks to provide strong returns on both an absolute and risk-adjusted basis. The strategy seeks absolute return while protecting against interest rate risk through a combination of long (credit) positions and short (treasury) positions. The strategy seeks total return through security selection and dynamic sector allocation, taking long positions in credit securities, primarily in investment grade debt. The strategy seeks to immunize through the use of short positions in U.S. Treasuries. Other opportunistic investments that the strategy may invest in include preferred securities, hybrid securities and corporate credit focused asset backed securities. The benchmark for the strategy is the 3M Libor + 500. The investment universe is primarily investment grade corporate securities but will opportunistically allocate to other sectors of the fixed income market. The strategy seeks to generate alpha over a full economic cycle through varying sub- sector allocations, security selection, duration/curve positioning and risk positioning. Through a full cycle, the strategy seeks superior risk adjusted returns (Sharpe ratio) while minimizing losses and drawdowns. The strategy takes larger positions sizes with the primary risks being credit and liquidity.

CUSTOMIZED STRATEGIES

Liability Drive Investing (“LDI”)

The Liability Drive Investing strategy, generally, seeks to provide return relative to a benchmark index or relative to specific liability-related objectives. Portfolios may also be structured to meet certain liability and liquidity management needs. The benchmarks in this strategy include the Barclays U.S. Long Government/Credit Index, or customized benchmarks based on specific liabilities and permitted investment universe. The Investment universe may vary by mandate but may include U.S. and non-U.S. government bonds, U.S. and non-U.S. corporate bonds, high yield and emerging market debt, leveraged loans/loan participations, mortgage-backed securities, asset-backed securities, collateralized loan obligations, municipal bonds, and agency debt. Portfolios may also employ various fixed income derivatives (credit, interest rate, foreign exchange, basis) including futures, options, swaps and forward contracts. The strategy seeks to generate alpha through sector allocation, security selection, duration/curve positioning, credit risk management, and in some cases asset-liability management.

Insurance

Insurance strategies involve developing a comprehensive investment program which focuses on capital preservation, liquidity management, optimization of after-tax income and maximization of long-term total returns. This is done in the context of the client's stated goals and portfolio objectives which include consideration of liability structure(s) and capital requirements. The asset portfolio design will meet all client-directed and industry guidelines and will overlay client risk tolerances and unique business objectives.

Insurance strategies are managed in the context of the client's Investment Policy Statement (IPS) which may include duration targets, credit rating limitations and sector specific limitations. This may be done in the absence of an official index or versus a specific designated benchmark or custom blend of multiple indices. The investment universe is broadly comprised of the fixed income sector and includes government bonds, corporate bonds, municipal bonds, and asset-backed and mortgage-backed bonds.

The strategy seeks to generate alpha through a full cycle through sector allocation, security selection and duration/curve positioning. On an absolute basis, and versus an index, the portfolio will undertake credit risk, rate risk and liquidity risk. Risk is managed in the context of preservation of capital (book value) while seeking to optimize income (book yield.) Through a full cycle, the strategy seeks superior risk adjusted returns (Sharpe ratio, Information ratio) versus any index and versus peers.

Municipals

Municipal strategies are constructed to provide clients with current income that is exempt from federal income tax while maximizing risk-adjusted total returns. Municipal strategies are managed in the context of the client's Investment Policy Statement (IPS), however, a commonly used benchmark is the Barclays US Municipal Index. The investment universe is limited to municipal bonds that are exempt from federal income tax. The strategy seeks to generate alpha through a full cycle through sub-sector allocation, security selection and duration/curve positioning. To achieve its objective the portfolio will undertake credit risk, interest rate risk, call and redemption risk, and liquidity risk.

Risk is managed in the context of preservation of capital while seeking to optimize post-tax income. Through a full cycle, the strategy seeks superior risk adjusted returns (Sharpe ratio, Information ratio) versus any index and versus peers.

STRUCTURED STRATEGIES

Absolute Return Products

Leveraged Loan

The Leveraged Loan strategy, generally, seeks attractive risk-adjusted total returns while focusing on capital preservation. The team's investments may be made through securitized vehicles, such as collateralized loan obligations, or in comingled funds or separately managed accounts. Generally CLO vehicles are subject to various constraints and the underlying leveraged loan portfolios are not managed versus a specific market benchmark, but rather to achieve a high stable return for subordinated noteholders. Generally comingled funds or separately managed accounts would be managed against the Credit Suisse U.S. Leveraged Loan Index. The strategies primarily invest in U.S. leveraged loans but portfolios may also include non-U.S. loans, U.S. and non-U.S. high yield bonds. Portfolios may also employ various fixed income derivatives (interest rate, foreign exchange, basis, total return) including futures, options, swaps and forward contracts. For some portfolios the investment universe is narrowed. The strategy seeks to generate alpha through sector allocation, security selection, and credit risk management.

Collateralized Debt Obligations (CDOs)

Collateralized Debt Obligations ("CDOs") strategy are subject to various constraints and may or may not permit trading. The team seeks to deliver enhanced outcomes to the investors in the CDOs managed while managing within the confines of each CDO's specific structural and legal requirements. CDOs are subject to various constraints and may or may not permit trading. The underlying portfolios are not managed versus a specific market benchmark. The investment universe may include U.S. and non-U.S. corporate bonds, high yield and emerging market debt, mortgage-backed securities, asset-backed securities, collateralized loan obligations, and collateralized debt obligations. Portfolios may also employ various fixed income derivatives (credit, interest rate, basis) including options and swaps. For some portfolios the investment universe is narrowed.

RISKS INVOLVED

Investment involves risk, including the possible loss of principal. No assurance can be given that the portfolio performance objective of an investment strategy will be achieved. Past performance is not a guarantee of future results.

The fixed income investment strategies utilized by the adviser generally have four principal risks: credit risk, volatility risk, interest rate risk and liquidity risk. Many of these risks in individual securities are mitigated in portfolio construction by having well diversified portfolios which enhances the overall return per unit of risk. A summary of these risks follow:

RISK ANALYSIS

Our strategies are implemented through transactions in physical securities and in derivative instruments in the currency, credit and interest rate 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.

Each investment strategy CISC offers invests in a variety of securities and other assets and employs a number of investment techniques that involve certain risks.

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

GENERAL RISKS THAT APPLY TO ALL STRATEGIES OFFERED

Investing in securities and other assets involves a risk of loss that the investor should be prepared to bear. Cutwater does not guarantee or represent that our investment program will be successful. Our past results are not indicative of future performance. CISC cannot assure that the investments made on behalf of our clients will be profitable, and in fact substantial losses could be incurred. Investments with CISC are not a bank deposit and are not insured or guaranteed by the FDIC or any other government agency.

Dependence on CISC

The success of the strategies depends in large part upon the skill and expertise of CISC to develop and effectively implement the strategies' investment objectives. Investors will be relying entirely on CISC to manage the strategies. Subjective decisions made by CISC 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 CISC personnel. The success of the strategies depends on CISC's ability to identify and willingness to provide acceptable compensation to attract, retain and motivate talented investment professionals and other personnel. There can be no assurance that CISC's investment professionals will continue to be associated with CISC 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 CISC's ability to pursue particular investment strategies discussed herein. Competition in the financial services industry for qualified personnel is intense and there is no guarantee that the talents of CISC's investment professionals could be replaced.

Increased Regulation

The financial services industry generally, and the activities of hedge funds and their managers in particular, have been subject to increasing regulation. Such regulation may increase

CISC's legal, compliance, operational and related costs. Increased regulation also increases administrative requirements on CISC, including, without limitation, responding to investigations and implementing new policies and procedures.

Due to the increase in regulation and because the impact or content of forthcoming regulations is not known, it is possible that the increased costs as a result of such regulation render some strategies more costly or difficult to implement, and some strategies may not be feasible to implement in the future.

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 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 affecting those industries 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 US 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 will be able to prevent further losses and volatility in securities markets, or stimulate the credit markets.

CISC'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 CISC'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, CISC 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. 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. These authorities 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's impossible to predict the effect of the changes in law and regulation.

Counterparty and Settlement Risk

There is a risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, there may be delays in liquidating the position and significant losses may be incurred. If a counterparty was unable to meet its contractual obligations under certain derivative contracts, the client account in relation to which CISC had entered into that derivative could incur a loss and this would have an adverse effect on the value of the client account. A client account may concentrate any or all of its derivatives with one counterparty. The fact that the derivatives may be entered into over-the-counter, rather than on a regulated market may increase the risk. This risk may be mitigated by receiving collateral.

Market risk

The market value of a security may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. A security's market value also may decline because of factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry.

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 CISC 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

Volatility of Returns

CISC defines this type of risk as measured by the standard deviation of returns relative to the benchmark. CISC seeks to provide clients with high risk-adjusted results by focusing on spread sectors to drive return enhancement, and therefore to mitigate volatility and achieve higher risk-adjusted returns versus our benchmarks and peers.

Operational Risk

The strategies depend on CISC 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. CISC'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. CISC's business is highly dependent on its ability to process, on a daily basis, transactions across numerous and diverse markets. Consequently, CISC 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 CISC to properly manage its strategies. Systemic failures in the systems employed by CISC 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 CISC'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.

Foreign Currency Risk

Changes in exchange rates between currencies or the conversion from one currency to another may also cause the value of investments to diminish or increase. Performance may be strongly influenced by movements in FX rates because currency positions held by the client account may not correspond with the securities positions held. Foreign currency exchange rates are determined by forces of supply and demand in foreign exchange markets. These forces are, in turn, affected by international balance of payments and other economic and financial conditions, government intervention, speculation and other factors. Foreign currency exchange rates may also be affected by government policies or intervention in the foreign exchange markets, and certain currencies may be affirmatively supported generally or relative to specific currencies (such as US dollar) by their or other governments. Changes in government policy, including a

cessation of currency support intervention, may result in abrupt changes in the valuation of such currencies.

Foreign Investment Risk

The strategy's performance will be influenced by political, social and economic factors affecting investments in foreign companies. Special risks associated with investments in foreign issuers include exposure to currency fluctuations, less liquidity, less developed or less efficient trading markets, lack of comprehensive company information, political and economic instability and differing auditing and legal standards. Investments denominated in foreign currencies are subject to the risk that such currencies will decline in value relative to the U.S. dollar and affect the value of these investments. The ability of a foreign sovereign obligor to make timely payments on its external debt obligations will be strongly influenced by the obligor's balance of payments, including export performance, its access to international credits and investments, fluctuations in interest rates and the extent of its foreign reserves. A governmental obligor may default on its obligations. The securities of issuers located in emerging markets can be more volatile and less liquid than those of issuers in more mature economies.

Issuer risk

The value of a security may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's products or services.

STRATEGY RISKS

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

The risks set forth below represent a general summary of the material risks involved in the investment strategies CISC offers. If applicable, please refer to the "Risk Factors" section in the offering documents for a more detailed discussion of the risks involved in an investment in a fund.

Comment [ZER1]:

Core Fixed Income – Jason Celente
Core Plus FI – Guatam
Core Plus Select Income – Guatam
Money Market – Matt Bodo
Short Duration – Jason Celente
Intermediate Duration – Jason Celente
Long Duration – Jesse Fogarty
High Yield – Guatam
Unconstrained Bond – Jason Cameron
Enhanced Cash Management – Jason Celente
LDI – Jason Cameron
Insurance & Tax Efficient – Craig Armstrong
Unconstrained Bond – Jason Cameron
Corporate Credit AR – Jesse Fogarty
CDO – Jason Cameron

	Com Fixed Income	Com Dis Fixed Income	Global Strategic Income	Com Dis Select Income	Money Market	Short Duration	Intermediate Duration	Long Duration	High Yield	Unconstrained Real Strategy	Enhanced Cash Management	Liberty Divers Investing	Insurance	Municipal	Corporate Credit	Leveraged Loan Synthetic	Corporate Credit Absolute Return	Collateralized Debt Obligation
ASSET-BACKED AND MORTGAGE-BACKED SECURITIES RISKS	X	X	X	X	X	X	X	X	X	X	X	X	X		X			X
COMMODITY SECTOR RISK	X	X	X	X		X			X	X								
CREDIT RISK	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
DERIVATIVES RISK	X	X	X	X		X			X	X		X	X	X	X	X	X	X
EMERGING MARKET RISK	X	X	X	X		X	X	X	X	X	X	X	X		X		X	X
EXCHANGE TRADED FUND ("ETF") RISK		X	X	X					X	X			X		X			
FORWARD CONTRACTS RISK	X	X	X	X		X			X	X		X				X		
GOVERNMENT SECURITIES RISK	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	
HIGH YIELD BOND RISK	X	X	X	X		X	X	X	X	X	X	X	X	X	X		X	X
INFLATION INDEXED SECURITY RISK	X	X				X	X			X	X							
INTEREST RATE RISK	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
LEVERAGE RISK	X	X	X	X		X		X	X	X		X	X	X	X	X	X	X
LIQUIDITY RISK	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X
MUNICIPAL BOND MARKET RISK	X	X	X	X		X	X		X	X	X	X	X	X	X			
MUNICIPAL LEASE RISK	X	X	X	X					X	X		X		X				
MUNICIPAL SECURITIES RISK	X	X	X	X		X	X		X	X	X	X	X	X	X			
TAX RISK	X	X	X	X		X	X	X	X	X	X		X	X	X		X	
OPTIONS RISK	X	X				X			X	X		X		X		X		X
NON DELIVERABLE FORWARDS										X								
REAL ESTATE SECTOR RISK	X	X	X	X		X	X		X	X	X	X	X	X	X	X		X
QUANTITATIVE MODEL RISK	X	X	X	X		X	X	X	X	X	X	X			X		X	X
SALES AND REPURCHASE AGREEMENTS	X	X				X	X		X	X	X	X						
SWAP AGREEMENTS RISK	X	X	X	X		X			X	X		X		X	X	X	X	X
BANK LOANS AND PARTICIPATIONS RISK	X	X	X			X	X		X	X	X	X			X	X		
CALL RISK	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

Asset-backed and mortgage-backed securities risks

Traditional debt securities typically pay a fixed rate of interest until maturity, when the entire principal amount is due. By contrast, payments on mortgage-backed securities (“MBS”) typically include both interest and partial payment of principal. Principal may also be prepaid voluntarily, or as a result of refinancing or foreclosure. The strategy may have to invest the proceeds from prepaid investments under less attractive terms and yields. Compared to other debt, MBS are less likely to increase in value during periods of declining interest rates and have a higher risk of decline in value during periods of rising interest rates. They can increase the volatility of the strategy. Some MBS receive only portions of payments of either interest or principal of the underlying mortgages. The yields and values of these investments are extremely sensitive to changes in interest rates and in the rate of principal payments on the underlying mortgages. The market for these investments may be volatile and limited, which may make it difficult to buy or sell them. Asset-backed securities (“ABS”) are structured like MBS, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include such items as motor vehicle installment sales or installment loan contracts, leases of various types of real estate and personal property and receivables from credit card agreements. Because ABS generally do not have the benefit of a security interest in the underlying assets that is comparable to a mortgage, ABS present certain additional risks that are not present with MBS. For example, the ability of an issuer of ABS to enforce its security interest in the underlying assets may be limited. MBS and ABS are generally issued in multiple classes, each having different maturities, interest rates and payment schedules, and with the principal and interest on the underlying mortgages or other assets allocated among the several classes in various ways. Payment of interest or principal on some classes may be subject to contingencies or some classes or series may bear some or all of the risk of default on the underlying mortgages or other assets. In some cases, the complexity of the payment, credit quality and other terms of such securities may create a risk that terms of the security are not fully transparent. In addition, the complexity of MBS and ABS may make valuation of such securities at an appropriate price more difficult, particularly where the security is customized. In determining the average maturity or duration of an MBS or ABS, CISC must apply certain assumptions and projections about the maturity and prepayment of such security; actual prepayment rates may differ. If the life of a security is inaccurately predicted, the strategy may not be able to realize the expected rate of return. In addition, many MBS and ABS are subject to heightened liquidity risk. The number of investors that are willing and able to buy such instruments in the secondary market may be smaller than that for more traditional debt securities.

Bank Loans and Participations

Bank loans and derivatives of bank loans and participations are subject to unique risks, including (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws, (ii) so-called lender liability claims by the issuer of the obligations, (iii) environmental liabilities that may arise with respect to collateral securing the obligations and (iv) limitations on the ability of the strategy to directly enforce its rights with respect to participations. In analyzing each bank loan assignment or swap, CISC must compare the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by the investors.

Call Risk

Some bonds / mezzanine debt instruments (collectively, “bonds”) give the issuer the option to call, or redeem, the bonds before their maturity date. If an issuer “calls” its bond during a time of declining interest rates, the strategy might have to reinvest the proceeds in an investment offering a lower yield, and therefore might not benefit from any increase in value as a result of declining interest rates. During periods of market illiquidity or rising interest rates, prices of “callable” issues are subject to increased price fluctuation.

Commodity sector risk

Exposure to the commodities markets may subject the client to greater volatility than investments in traditional securities. The values of commodities and commodity-linked investments are affected by events that might have less impact on the values of stocks and bonds. Investments linked to the prices of commodities are considered speculative. Prices of commodities and related contracts may fluctuate significantly over short periods for a variety of factors, including: changes in supply and demand relationships, weather, agriculture, trade, fiscal, monetary and exchange control programs, disease, pestilence, acts of terrorism, embargoes, tariffs and international economic, political, military and regulatory developments. The commodity markets are subject to temporary distortions or other disruptions due to a variety of factors, including the lack of liquidity in the markets, the participation of speculators and government regulation and intervention. U.S. futures exchanges and some foreign exchanges have regulations that limit the amount of fluctuation in futures contract prices, which may occur during a single business day. These limits are generally referred to as “daily price fluctuation limits” and the maximum or minimum price of a contract on any given day as a result of these limits is referred to as a “limit price.” Once the limit price has been reached in a particular contract, no trades may be made at a different price. Limit prices have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at disadvantageous times or prices. These circumstances could adversely affect the value of the commodity-linked investments.

Credit risk

Failure of an issuer to make timely interest or principal payments, or a decline or perception of a decline in the credit quality of a bond, can cause a bond's price to fall, potentially lowering the value of the client account. The lower a bond's credit rating, the greater the chance – in the rating agency's opinion – that the bond issuer will default or fail to meet its payment obligations. High yield (“junk”) bonds involve greater credit risk, including the risk of default, than investment grade bonds, and are considered predominantly speculative with respect to the issuer's ability to make principal and interest payments. The prices of high yield bonds can fall dramatically in response to bad news about the issuer or its industry, or the economy in general.

Derivatives risk

Derivatives (such as swaps) are highly specialized instruments that require investment techniques and risk analysis different from those associated with equities and debt securities. The use of a derivative requires an understanding not only of the underlying instrument but also of

the derivative itself. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into and the ability to assess the risk that a derivative transaction adds to a portfolio. There can be no guarantee or assurance that the use of derivatives will meet or assist in meeting the investment objectives of the strategy. There is also a possibility that ongoing derivative transactions will be terminated unexpectedly as a result of events outside the control of CISC, for instance, bankruptcy, supervening illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated. There can be no assurance that a liquid secondary market will exist at any specified time for any particular swap. Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. The use of derivative techniques may not always be an effective means of, and sometimes could be counter-productive to, the relevant investment objective. Both exchange-traded and over-the-counter derivatives may be used, including, but not limited to, futures, forwards, swaps, options and contracts for differences. These instruments can be highly volatile and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount actually placed as initial margin and may result in unquantifiable further loss exceeding any margin deposited. In addition, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses. Transactions in over-the-counter contracts may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. There is also the possibility that derivatives do not completely correlate with their underlying assets, interest rates or indices. Inappropriate valuations can result in higher demands for cash by counterparties or in a loss in value. There is not always a direct or parallel relationship between a derivative and the value of the assets, interest rates or indices from which it is derived. For these reasons, the use of derivatives by a strategy is not always an effective means of attaining the strategy's investment objective and can at times even have the opposite effect.

Emerging market risk

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

Exchange-traded fund (“ETF”) risk

ETFs in which the strategy may invest involve certain inherent risks generally associated with investments in a portfolio of common stocks, including the risk that the general level of stock prices may decline, thereby adversely affecting the value of each unit of the ETF. Moreover, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or the number of stocks held. Investing in ETFs, which are investment companies, may involve duplication of advisory fees and certain other expenses.

Forward contracts risk

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 non-existent. 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 CISC would otherwise recommend, to the possible detriment of the client account.

Government securities risk

Not all government and governmental agency obligations are backed by the full faith and credit of the relevant government. Some obligations are backed only by the credit of the issuing agency, and in some cases there may be some risk of default by the issuer. Any guarantee by the relevant government or its agencies of a security held by the strategy does not apply to the market value of such security. A security backed by the full faith and credit of the relevant government is guaranteed only as to the timely payment of interest and principal when held to maturity. In addition, because many types of government securities trade actively outside the relevant country, their prices may rise and fall as changes in global economic conditions affect the demand for these securities.

High yield bond risk

The strategy may invest in high yield bonds. High yield (“junk”) bonds involve greater credit risk, including the risk of default, than investment grade bonds, and are considered predominantly speculative with respect to the issuer’s ability to make principal and interest

payments. The prices of high yield bonds can fall dramatically in response to bad news about the issuer or its industry, or the economy in general.

Inflation-indexed security risk

Interest payments on inflation-indexed securities can be unpredictable and will vary as the principal and/or interest is periodically adjusted based on the rate of inflation. If the index measuring inflation falls, the interest payable on these securities will be reduced. Inflation-indexed securities issued by corporations generally do not guarantee repayment of principal. Any increase in the principal amount of an inflation-indexed security will be considered taxable ordinary income, even though investors do not receive their principal until maturity. As a result, the strategy may be required to make annual distributions that exceed the cash the strategy received, which may cause the strategy to liquidate certain investments when it is not advantageous to do so. Also, if the principal value of an inflation-indexed security is adjusted downward due to deflation, amounts previously distributed may be characterized in some circumstances as a return of capital.

Interest rate risk

Any investment in fixed-income securities will be subject to interest rate credit risk. Prices of fixed income securities tend to move inversely with changes in interest rates. Typically, a rise in rates will adversely affect bond prices and, to the extent the client account invests in bonds, the value of the client account. The longer the effective maturity and duration of these investments, the more likely value of the client account will react to interest rates.

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 and engaging in forward commitment transactions, may magnify the client accounts' 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 may fall dramatically. 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.

Options risks

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 securities or other assets at disadvantageous prices, thereby incurring unlimited losses. The purchase of an option may constitute an effective hedge, although in the event of movements adverse to the client's position, the client could forfeit the entire amount of the premium plus related transaction costs. 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 buyer of a call option assumes the risk of losing its entire premium investment in the call option. 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 security above the sales price (in establishing the short position) of the underlying asset plus the premium received, and gives up the opportunity for gain on the underlying asset 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 asset 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.

Non-Deliverable Forwards risk

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.

Real estate sector risk

The securities of issuers that are principally engaged in the real estate sector may be subject to risks similar to those associated with the direct ownership of real estate. These include: declines in real estate values, defaults by mortgagors or other borrowers and tenants, increases in property taxes and operating expenses, overbuilding, fluctuations in rental income, changes in interest rates, possible lack of availability of mortgage advisers or financing, extended vacancies of properties, changes in tax and regulatory requirements (including zoning laws and environmental restrictions), losses due to costs resulting from the clean-up of environmental

problems, liability to third parties for damages resulting from environmental problems, and casualty or condemnation losses. In addition, the performance of the economy in each of the regions and countries in which the real estate owned by a portfolio company is located affects occupancy, market rental rates and expenses and, consequently, has an impact on the income from such properties and their underlying values.

Quantitative model risk

For certain strategies, the Firm relies on quantitative models that utilize mathematical and statistical formulas designed to select a combination of positions that reflect forward-looking estimates of return and risk. There can be no assurance that a particular quantitative model has been designed to appropriately account for all variables that may affect the performance of a particular investment strategy. Any errors in the design, input or implementation of the quantitative models used by us could have a material adverse effect on the performance of a particular investment strategy. Due to the foregoing risks and the inherent complexities in quantitative models, it may be very difficult or impossible to detect the source of any weakness or failing in a quantitative model, before any losses are incurred.

Sale and repurchase agreements (repos) risk

The use of repos may give rise to residual credit risks. Though it is essentially a collateralized transaction, the seller may fail to repurchase the securities sold at the maturity date. In other words, the repo seller defaults on his obligation. Consequently, the buyer may keep the security, and liquidate the security in order to recover the cash lent. The security, however, may have lost value since the outset of the transaction as the security is subject to market movements. Credit risk associated with repos is subject to many factors including term of repo, liquidity of security and the strength of the counterparties involved.

Swap agreements risk

CISC, 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 CISC'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.

Municipal bond market risk

The amount of public information available about municipal bonds is generally less than that for corporate equities or bonds. Special factors, such as legislative changes, and state and local economic and business developments, may adversely affect the yield and/or value of the strategy's investments in municipal bonds. Other factors include the general conditions of the municipal bond market, the size of the particular offering, the maturity of the obligation and the rating of the issue. Changes in economic, business or political conditions relating to a particular municipal project, municipality, state or U.S. territory or possession (such as Puerto Rico, the U.S. Virgin Islands, Guam and the Northern Mariana Islands) and the District of Columbia and their political sub-divisions, agencies and instrumentalities or multistate agencies and authorities in which the strategy invests may have an impact on the value of the investment.

Municipal lease risk

Because municipal leases generally are backed by revenues from a particular source or that depend on future appropriations by municipalities and are not obligations of their issuers, they are less secure than most municipal obligations.

Municipal securities risk

Investments in municipal securities may be affected by a variety of factors in the cities, states and regions in which the strategy invests, as well as the municipal market as a whole. Special factors, such as legislative changes and local and business developments, may adversely affect the yield and/or market value of the strategy's investments in municipal securities. Other factors include the general conditions of the municipal securities market, the size of a particular offering, the maturity of the obligation and the rating of the issue. Changes in economic, business or political conditions relating to a particular municipal project, municipality, or state, territory or possession of the United States in which the strategy invests may have an impact on the value of the investment. Puerto Rico, for example, is currently experiencing significant fiscal challenges, including persistent government deficits, underfunded public pensions, sizable debt service obligations and a high unemployment rate. As a result, many ratings agencies have downgraded a number of municipal bonds issues in Puerto Rico. If the economic situation in Puerto Rico persists or worsens, to the extent the strategy invests in municipal bonds issued in Puerto Rico, the volatility, credit quality and value of the investment could be adversely affected.

Tax risk

To be tax-exempt, municipal bonds generally must meet certain regulatory requirements. If any such municipal bond fails to meet these regulatory requirements, the interest received by the strategy from its investment in such bonds and distributed will be taxable.

Item 9: Disciplinary Information

The New York 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 CISC. 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. The subject matter of these complaints is unrelated to CISC’s advisory business and CISC is not a defendant to any of these actions.

On March 19, 2015, BNY Mellon announced that it has resolved substantially all of the foreign exchange (“FX”)-related actions currently pending against BNY Mellon, resulting in a total of \$714 million in settlement payments.

Item 10: Other Financial Industry Activities and Affiliations

Cutwater Asset Management Corp. (“CAMC”), an affiliated entity which is under common control with CISC, is a registered investment adviser, registered broker/dealer and a FINRA member. Certain employees of CISC are also employees of CAMC (“dual officers”).

Currently there are nine (9) CISC management persons serving as registered representatives for this broker/dealer. The relationship between CAMC and CISC does not create material conflicts of interest with clients because CAMC is not actively engaged in the brokerage business.

Each of CAMC and CISC has agreements with its own respective client accounts and is governed by the trade allocation and aggregation policies and by the Code of Ethics.

CISC serves as investment adviser to two registered closed-end investment companies, two mutual funds, and several local government investment pools. CISC does not believe these relationships create any material conflicts of interest with any of the firm’s other clients. Please see response to item 11.

Insight Group

CISC and its investment advisory affiliate, CAMC, (Cutwater) are administered by the Insight group of companies (the “Insight Group”). The Insight Group consists of several distinct affiliated legal entities engaged in the asset management business. Cutwater and the Insight Group share The Bank of New York Mellon Corporation as ultimate parent company. Cutwater and the Insight Group also share senior management teams and have similar operating policies and procedures. The Insight Group provides various services to Cutwater that help Cutwater deliver and enhance the investment advice and other services that Cutwater offers to its clients. The services provided by Insight Group to Cutwater include for example, credit analysis, IT support, administrative and accounting services. In order to better serve their clients, Cutwater employees and Insight Group employees may share research and investment ideas, as well as office space and IT systems, except where prohibited by informational screening procedures (ethical walls) established by the Insight Group and Cutwater or by applicable law or regulation. As part of these arrangements non-public information is shared amongst Cutwater and Insight Group. Accordingly, Insight Group personnel will have access to non-public information of Cutwater relating to its clients and their accounts, including for example information on portfolio

holdings and investment transactions. Cutwater and the Insight Group have established procedures that are designed to assure that any such information is handled securely and in a manner consistent with the fiduciary duties of Cutwater to its clients and the fiduciary duties of the Insight Group to its clients. For example, these procedures prohibit the Insight Group from using research and investment ideas and other information shared by Cutwater in a manner that improperly disadvantages Cutwater clients. However, Insight Group members will receive research and investment ideas shared with them by Cutwater in providing advisory services to their clients, and in some cases Insight Group takes action for its clients based on these ideas, independently and without reliance on Cutwater and always subject to Insight Group's discretion, at the same time as, or before, actions based on these ideas are taken for Cutwater clients. Cutwater similarly uses research and investment ideas shared by the Insight, in order to provide advisory services to Cutwater clients and observes procedures designed to assure that Cutwater uses any such ideas in a manner that complies with applicable law and regulation and does not improperly disadvantage Insight Group clients. These procedures sometimes limit actions that Cutwater takes on behalf of its clients based on research and investment ideas provided by Insight Group.

BNY Mellon

CISC's ultimate parent, 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 Investment Management is the umbrella designation for BNY Mellon's affiliated investment management firms and global distribution companies and is responsible, through various subsidiaries, for U.S. and non-U.S. retail, intermediary and institutional distribution of investment management and related services.

CISC 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 CISC. 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, CISC 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 CISC about our investment activities, including information about holdings within client portfolios, which is required for regulatory filings to be made by CISC 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 CISC, 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 (and other applicable banking laws, and their interpretation and administration by the appropriate regulatory agencies, including but not limited to the Federal Reserve) may restrict the transactions and relationships among BNY Mellon, its affiliates (including CISC) and our clients, and may restrict our investments, transactions and operations. For example, the BHCA regulations applicable to BNY Mellon and CISC may, among other things, restrict our ability to make certain investments or the size of certain investments, impose a maximum holding period on some or all of our investments, and restrict our ability to participate in the management and operations of the companies in which CISC invests. In addition, certain BHCA regulations may require aggregation of the positions owned, held or controlled by related entities. Thus, in certain circumstances, positions held by BNY Mellon and its affiliates (including CISC) for client and proprietary accounts may need to be aggregated and may be subject to a limitation on the amount of a position that may be held. These limitations may have an adverse effect on our ability to manage client investment portfolios. For example, depending on the percentage of a company CISC and our affiliates (in the aggregate) control at any given time, the limits may: (1) restrict our ability to invest in that company for certain clients and/or (2) require CISC to sell certain client holdings of that company at a time when it may be undesirable to take such action. Additionally, BNY Mellon may in the future, in its sole discretion and without notice, engage in activities impacting CISC in order to comply with the BHCA or other legal requirements applicable to (or reduce or eliminate the impact or applicability of any bank regulatory or other restrictions on) CISC and accounts managed by CISC and our affiliates.

BNY Mellon Incentive Compensation Plan

BNY Mellon has adopted an incentive compensation program ("Program") designed to:

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

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

earning of such rewards. These referral fees and bonuses may create conflicts of interest for us and our employees because we have an incentive to encourage our clients to engage in transactions with our affiliates, based on the compensation that we will receive for these referrals, rather than our clients' needs.

Affiliated 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 CISC, 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.

Affiliated Broker-Dealers and Investment Advisers

As part of BNY Mellon, CISC is affiliated with a significant number of advisers and broker/dealers. Where CISC selects the broker to effect purchases or sales of securities for client accounts, CISC may use either an affiliated or unaffiliated broker (unless otherwise restricted by an agreement, law or regulation). CISC may have an incentive to enter into transactions with an affiliated broker-dealer, in an effort to direct more commission dollars to its affiliate.

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

Affiliated Underwriters

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

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

Affiliated Banking Institutions

BNY Mellon engages in trust and investment business through various banking institutions, including the Bank and BNY Mellon, National Association. These affiliated banking institutions may provide certain services to CISC, such as recordkeeping, accounting, marketing services, and referrals of clients. CISC may provide the affiliated banking institutions with sales and marketing materials regarding CISC's investment management services that may be distributed under the name of certain marketing "umbrella designations" such as BNY Mellon, BNY Mellon Wealth Management, BNY MAM, and BNY AMI.

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

Other Relationships

In addition, BNY Mellon personnel, including certain of CISC's 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 CISC and CISC's 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.

BNY Mellon, among several other leading investment management firms, has a minority equity interest in Luminex Trading and Analytics, LLC ("Luminex"), a registered broker-dealer under the Exchange Act, which was formed for the purpose of establishing and operating a "buy-side" owned and controlled electronic execution utility for trading securities (the "Alternative Trading System"). Transactions for clients for which we serve as adviser or sub-adviser may be executed through the Alternative Trading System. CISC and BNY Mellon disclaim that either is an affiliate of Luminex.

Some of CISC's 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, and CISC may provide separate advisory services directly or indirectly to employees of such consulting firms. CISC 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. CISC does not pay referral fees to consultants. However, CISC's clients and prospective clients should be

aware that consulting firms might have business relationships with investment management firms that they recommend to their clients.

BNY Mellon maintains, and CISC has adopted, a Code of Conduct that addresses these types of relationships and the potential conflicts of interest they may present, including the provision and receipt of gifts and entertainment.

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

CISC and certain of its affiliated entities may invest for its/their own accounts (“proprietary accounts”) in securities that are also recommended for advisory clients. It is possible that trading for such proprietary accounts may result in CISC or its affiliates taking positions similar or opposite to positions taken by one or more advisory clients. CISC has adopted certain policies and procedures for trade execution, trade allocation, and order aggregation which are intended to mitigate any conflicts of interest arising from proprietary trading.

As part of BNY Mellon, CISC 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 CISC serves and outlines important legal and ethical issues:

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

6. Compliance with the Law: among other matters illegal or criminal activities; investigations; and protection of company assets.

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

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

PSTP Overview:

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

4. CISC has a “Peclearance Compliance Officer” who maintains a “restricted list” of companies whose securities are subject to trading restrictions. This list is used by the Peclearance Compliance Officer to determine whether or not to grant trading authorization;
5. The acquisition of any securities in a private placement requires prior written approvals;
6. With respect to transactions involving BNYMC securities, all employees are also prohibited from engaging in short sales, purchases on margin, option transactions (other than employee option plans), and short-term trading (*i.e.*, purchasing and selling, or selling and purchasing BNYMC securities within any 60 calendar day period);
7. With respect to non-BNYMC securities purchasing and selling, or selling and purchasing the same or equivalent security within 60 calendar days is discouraged, and any profits must be disgorged;
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; and
9. A copy of our Code of Ethics will be provided upon request.

Interest in Client Transactions

CISC or CISC’s affiliates may recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that CISC or one of our affiliates buys or sells the same securities for CISC’s (or the affiliate’s) own account. This practice may give rise to a variety of potential conflicts of interest, particularly with respect to aggregating, allocating and sequencing securities being purchased on both our (or its affiliate’s) behalf and our clients’ behalf. For example, CISC could have an incentive to cause a client or clients to participate in an offering because CISC desires to participate in the offering on our own behalf, and would otherwise be unable to meet the minimum purchase requirements. Likewise, CISC could have an incentive to cause its clients to participate in an offering to increase CISC’s overall allocation of securities in that offering, or to increase CISC’s ability to participate in future offerings by the same underwriter or issuer. On the other hand, CISC could have an incentive to cause our clients to minimize their participation in an offering that has limited availability so that CISC does not have to share a proportionately greater amount of the offering to the client. Allocations of aggregated trades might likewise raise a potential conflict of interest as CISC may have an incentive to allocate securities that are expected to increase in value to CISC. See Item 12 for a discussion of our brokerage and allocations practices and policies.

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

Investments by Related Persons and Employees

CISC and its existing and future employees, board members, and affiliates and their employees may from time to time invest in products managed by CISC. CISC has developed policies and procedures to address any conflicts of interest created by such investments. CISC is part of a large diversified financial organization that includes banks and broker-dealers. As a result, it is possible that a related person may, as principal, purchase securities or sell securities for itself that CISC also recommends to clients. CISC does permit our employees to invest for their own account within the guidelines and restrictions of the Code of Ethics, as described above. For more information, please see "Interests in Recommended Securities/Products" in this Item 11.

Agency Transactions Involving Affiliated Brokers

Neither CISC nor any of its officers or directors, acting as broker or agent, effects securities transactions for compensation for any client. CISC is part of a large diversified financial organization that includes broker-dealers. As a result, it is possible that a related person, other than CISC's officers and directors, may, as agent, effect securities transactions for CISC's clients for compensation. Please also see Item 10 and Item 12 for additional information relating to affiliate arrangements and with regard to purchases of securities in an offering where an affiliate acts as underwriter or a member of the underwriting. Please also see Schedule D, Section 7A of our Form ADV Part 1 for a list of broker-dealers which are our affiliates.

Item 12: Brokerage Practices

In most cases CISC has the authority to direct securities transactions on behalf of our clients to broker-dealers CISC selects. In doing so, CISC seeks best execution of such transactions. When seeking best execution, CISC considers the full range and quality of a broker-dealer's services including, among other things: expertise in the specific securities or sectors in which CISC seeks to trade; creditworthiness; financial and capital position stability; execution and settlement capabilities; the quality of operational facilities, the type, size and difficulty of the transaction involved; and any disclosed regulatory action.

Transactions in fixed income securities recommended by CISC do not involve brokerage commissions. Therefore, CISC does 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. Reasonableness of compensation for a particular transaction is determined by reference to competitive bid and ask quotations on particular transactions being executed. CISC has a fiduciary obligation to seek best execution for each client trade.

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

CISC may execute transactions, including IPOs/New Issues, on an aggregated basis, subject to best execution, and only to the extent that it believes aggregation will result, overall, in more favorable execution. Generally, executions of aggregated orders will be pre-allocated in accordance with the original intended allocation at the time of the trade. In the event of an order being scaled back, the executed order will generally be allocated on a pro-rata basis. However, there may be circumstances where a pro-rata allocation may be inappropriate, for instance, where the total allocation is significantly scaled back, which could leave certain clients with holdings that are either uneconomic or below the normal market size for subsequent trading.

The aggregations may include orders for funds in which CISC may invest and CISC may aggregate client trades with trades for our affiliates.

Item 13: Review of Accounts

The investment teams are responsible for implementing the strategy, portfolio construction and on-going management and monitoring of the portfolio. As part of the ongoing management of accounts, the performance of an account is compared with the mandate objectives and stated risk tolerances and the asset composition and benchmarks are reviewed for appropriateness.

Unless alternative arrangements are agreed, written client reports are provided at least on a quarterly basis and can be delivered electronically or by mail to the client. Reports contain information about the client's account holdings, transaction activity, accrued income, cash positions, account valuation, and portfolio performance.

Item 14: Client Referrals and Other Compensation

CISC has entered into solicitation arrangements with third parties for the referral of prospective clients to the firm. Each of these arrangements is pursuant to a written contract describing the terms of the engagement, including provisions for the supervision of the solicitor by CISC and a description of the fees to be paid to the solicitor. Each solicitor retained by CISC must provide all persons solicited with a written statement disclosing the solicitor's capacity, compensation arrangements and other required information and must also furnish CISC's Form ADV Part 2A. In addition, the solicitor must obtain from each successfully referred client a written acknowledgement of receipt by the client of the Form ADV Part 2A and of the solicitor's disclosure statement.

Unaffiliated Solicitors and Placement Agents

CISC may hire third parties to solicit new investment advisory clients. The commissions or fees, if any, payable to such solicitors (also referred to as placement agents) with respect to solicitation of investments with CISC will be paid solely by CISC. Clients will not pay fees for these solicitations. These solicitors have an incentive for the client to hire CISC because CISC will pay the solicitor for the referral. All solicitation arrangements are conducted in compliance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940.

Some of our clients may retain consulting firms to assist them in selecting investment managers. CISC might have business relationships with consulting firms that recommend CISC to their clients. Some consulting firms provide services to both those who hire investment managers and to investment management firms. CISC may pay to attend conferences sponsored by consulting firms and/or purchase services from consulting firms where CISC believes those services will be useful to CISC in operating our investment management business. CISC does not pay referral fees to consultants unless CISC has appointed them as placing agent or, subject to law and regulation, pursuant to an arrangement between the consulting firm and the client or prospective client.

Affiliated Solicitors and Placement Agents

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

Generally, CISC does not maintain custody of client funds or securities with respect to the majority of its investment advisory business. However, in its capacity as program administrator for local government investment pools, CISC may be deemed to have custody of pool assets in accordance with the definition of "custody" set forth in Rule 206(4)-2 of the Investment Advisers Act of 1940. Each of the local government investment pools managed by CISC is subject to an annual audit conducted by an independent accounting firm. Audited financial statements are prepared annually in accordance with GAAP, and are distributed to all participants in each of the pools. In the case of registered funds and private funds advised by CISC, such funds have made arrangements with qualified custodians as disclosed in the relevant offering and other fund documents. In the case of separate accounts, appointment of a custodian is a prerequisite to CISC's management of client assets. Clients must select and appoint their own custodian, whose services and fees will be separate from CISC's fees. Clients are responsible for independently arranging for all custodial services, including negotiating custody agreements and fees and opening custodial accounts.

Item 16: Investment Discretion

CISC manages many client accounts pursuant to discretionary authority. Occasionally, a client may place a limitation on CISC's management discretion; for example, restricting the authority to sell securities which will result in realized capital gains or losses for tax purposes. CISC generally assumes discretionary authority pursuant to the terms of the client investment advisory agreement which provides for such authority. Under certain circumstances, CISC will confirm by written communication with the client that it has discretionary authority in managing the account.

Item 17: Voting Client Securities

As a fixed income investment manager, CISC votes proxies for client securities on a relatively infrequent basis. CISC does have authority to vote such proxies and has adopted a proxy voting policy to ensure that proxies are voted in the best interest of each client. More frequently, CISC votes or consents to corporate actions, including tenders, exchanges, amendments, and restructurings which relate to individual fixed income holdings of client accounts. Determinations on voting of consents to these matters tend to be driven primarily by CISC's view of whether the proposed action will result in an economic benefit for the affected client(s).

Voting Policy

In general, CISC will vote in accordance with management's recommendations as to routine corporate matters such as those dealing with: appointments of auditors, routine election of directors, improvements in employee stock purchase or ownership plans, limiting liability of directors, setting compensation levels, increasing authorized shares. CISC will generally vote against shareholder proposals involving matters of social conscience if it has determined that management is generally socially responsible. For example, CISC will generally vote against shareholder proposals to bar or place arbitrary restrictions on trade with other countries, or to place arbitrary restrictions on environmental practices.

CISC will generally vote in favor of management proposals seeking to change an issuer's legal, business or financial structure provided that the position of current shareholders is preserved or enhanced. For example, CISC will generally vote in favor of proposals to approve mergers and acquisitions or to change capitalization.

Resolutions regarding anti-takeover measures will be considered individually. CISC would typically oppose any proposal aimed solely at thwarting potential takeover offers by requiring, for example, super-majority approval. However CISC would also vote against proposals considered to foster instability or to be economically detrimental.

Voting Process

Proxies are normally voted by the principal portfolio manager for the client account holding securities of the issuer soliciting the proxy. If more than one account holds these securities, then the portfolio manager of the account(s) holding the largest allocation of the issue will vote the proxy. CISC has designated a portfolio manager (the Proxy Voting Portfolio Manager), who is responsible for overseeing the implementation of the proxy voting process.

In circumstances in which 1) the subject matter of the vote is not covered by these guidelines, 2) a material conflict of interest is present or 3) CISC believes it may be necessary, in the best interests of shareholders, to vote contrary to our general guidelines, the portfolio manager will discuss the matter with the Proxy Voting Portfolio Manager, who will be responsible for making the definitive determination as to how the proxy matter will be voted. In unusual or especially sensitive cases, the Proxy Voting Portfolio Manager may consult with the Chief Executive Officer/Chief Investment Officer to arrive at a proxy voting decision. Determinations with respect to proxy votes involving material conflicts of interest shall be documented in writing and maintained for a period of at least six years.

Clients may obtain information about how their securities were voted by contacting their CISC relationship manager who will contact the portfolio manager to respond to such request. Clients may request a copy of our proxy voting policies by contacting their CISC relationship manager.

Item 18: Financial Information

CISC is not aware of any financial condition that is reasonably likely to impair its contractual commitments with clients.