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This brochure (this “Brochure”) provides information about the qualifications and business practices of HedgeMark Advisors, LLC (“HMA”). If you have any questions about the contents of this Brochure, please contact us at 212.888.1300 or [HM-compliance@bnymellon.com](mailto:HM-compliance@bnymellon.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about HMA also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

HMA is a registered investment advisor with the SEC. Registration does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

There have been no material changes in HMA’s business activities or controls since its last annual Form ADV Brochure update on May 22, 2014, although we have revised certain sections with a view to generally improving our disclosure.

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## Item 4 – Advisory Business

HedgeMark Advisors, LLC (“HMA”) is a limited liability company organized under the laws of the State of Delaware on March 9, 2009. HMA is a wholly-owned subsidiary of The Bank of New York Mellon Corporation (“BNY Mellon”). HMA has been registered as an investment adviser with the SEC since October 6, 2009.

HMA provides non-discretionary dedicated managed account services to institutional clients. For institutional clients, investing in hedge fund strategies via a dedicated managed account platform (a “DMA Platform”) as opposed to investing in a commingled hedge fund provides certain benefits, including direct asset ownership and control, and daily position-level transparency which may facilitate more effective risk management and mitigate fraud risk.

HMA views its client base as primarily consisting of “asset owners” and “asset managers”. Asset owners are institutional investors including, but not limited to, corporations, pension plans, state and municipal government entities, endowments, sovereign wealth funds, and insurance companies that invest for their own account. Asset managers comprise fund-of-fund managers, family offices, wealth managers or other investment advisers that invest on behalf of their clients. Where an HMA client (a “Client”) establishes a dedicated managed account vehicle (a “Fund”) into which more than one entity will invest<sup>1</sup>, the Fund will become a “private fund” for purposes of Form ADV. HMA enters into a DMA Platform Agreement with each Client, and enters into joinder agreements (or bilateral agreements, as the case may be) with each of the Funds established by a Client on its DMA Platform governing the provision of applicable services directly to such Fund(s).

The services provided by HMA include the following: (i) assisting in the structuring and establishment of DMA Platform vehicles (“Funds”) in conjunction with Client legal counsel;

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<sup>1</sup> There are various reasons why a Client may direct other investors into its DMA Platform in addition to or instead of direct investment by such Client. Examples include, without limitation: (a) related investors (e.g. multiple state pension plans) that aggregate investments, (b) pension plans or insurance companies that use more than one investment subsidiary, and (c) fund-of-fund managers that use Funds in their fund-of-fund portfolios.

(ii) providing administrative and consultative support regarding the engagement, retention and termination of Fund service providers; (iii) assisting in the commercial negotiations of investment management agreements with third-party hedge fund managers (“Investment Managers”), brokerage and counterparty agreements and other service providers to the Funds in cooperation with Client legal counsel; (iii) assisting in the formulation of actionable investment guidelines and restrictions which are then monitored for compliance by HMA’s affiliate, HedgeMark Risk Analytics, LLC (“HMRA”) as further described below; and (iv) providing middle-office and other operational services to the Funds and overseeing the day-to-day operational workflow of the DMA Platform, including primarily:

- onboarding prime brokers, futures commission merchants, custodians and other OTC counterparties;
- coordination of account openings (including bank, brokerage, margin and clearing accounts), and data feed set-ups;
- review of net asset value calculations (including overseeing implementation of agreed pricing methodologies), expense verification, and cash and position reconciliations;
- cash and collateral movement, including transferring funds and other assets between the Fund’s accounts to satisfy margin calls or to the extent necessary to pay expenses or otherwise make payments pursuant to pre-agreed procedures;
- support in connection with production of financial statements, audit and tax reporting; and
- facilitating the provision of HMRA daily (T+1) holdings-based performance and risk reporting, monitoring and analytics.

The services provided by HMA to Clients and their Funds are individually negotiated, vary from client to client, and may include some or all of the services described herein. Accordingly, a Client establishing one or more Funds may not receive all of the services

described above with respect to all of such Funds. In particular, it is important to note that HMA may not provide “investment advisory” services to all Clients. Examples include: (a) where a Client is an asset manager which is accustomed to structuring and establishing fund vehicles and putting agreements in place with service providers and counterparties to such funds in the ordinary course of its own business activities, or (b) where the Client requires a Fund structure and/or investment strategy that calls for no services beyond specific operational and technological support. In such cases, the Client is required to explicitly acknowledge the limited scope of the services to be provided by HMA, and corresponding Fund assets are not included in HMA’s regulatory assets under management calculation. There were no such Clients as of December 31, 2014.

HMA may, from time to time, agree to assist and provide support in conducting initial and/or ongoing operational due diligence with respect to Investment Managers for a Client. In providing such assistance and support, HMA does not form a judgment as to the future performance prospects of the Investment Manager. HMA does not recommend or endorse any Investment Manager’s investment program, performance prospects or suitability for any given Client. Each Client is responsible (either alone or with the Client’s professional advisors) for its own due diligence, risk assessment and evaluation of an Investment Manager’s investment program, performance prospects and suitability for purposes of any decision to engage an Investment Manager and in determining whether it wishes to remain invested in the Fund and whether such Fund continues to be appropriate for its circumstances and requirements. HMA does not provide advice or recommendations to Clients with respect to Investment Manager strategies or performance, or with respect to securities selection more generally.

An affiliate of HMA, HedgeMark Risk Analytics, LLC, has developed performance and risk measurement and monitoring technologies that assist in providing portfolio monitoring based on having position-level transparency into a Fund’s underlying portfolio. Risk analytics tools will be provided to Clients either through HMRA or another affiliate of BNY Mellon (collectively, “BNY Mellon Risk View”).

The services described above are provided on a non-discretionary basis, although HMA may in the future agree to provide certain services on a discretionary basis. As of December 31, 2014, HMA did not service any client assets on a discretionary basis, and managed approximately \$1,318 million in Client assets on a non-discretionary basis.

#### **Item 5 – Fees and Compensation**

HMA does not have a standardized fee schedule. HMA will receive a fee generally calculated as a percentage of a Fund's net asset value or, for a notionally funded Fund, the trading level, subject to a minimum per account fee. HMA may also receive an agreed upon setup fee upon the establishment of a DMA Platform or a "termination" fee in the event that the Client determines not to move forward with a Fund launch and HMA has employed substantial steps towards launching such Fund. The expenses and specific fees applicable to a Fund will vary based on a variety of factors, including, among other things, investment strategy, number of counterparties, overall complexity of the Fund (including, without limitation, share classes with different characteristics or the use of special purpose trading vehicles) and the specific services to be performed by HMA. Fees are individually negotiated with each Client, may be payable in advance or in arrears (generally on a monthly basis), and may be deducted from the applicable Fund or billed separately to the Client. Access to BNY Mellon Risk View investment guideline compliance monitoring services and risk analytics tools will generally be provided to Clients with respect to the Funds serviced by HMA at no additional cost, subject to HMRA or BNY Mellon standard terms and conditions.

Agreements for HMA services are generally terminable without penalty upon an agreed period of prior written notice, upon a material breach or upon certain agreed events. Some agreements may have a definite term subject to automatic renewal. HMA fees charged in arrears will be pro-rated for partial periods, and it is expected that fees charged in advance will be refunded for partial periods.

Unless otherwise agreed, each Fund, directly or indirectly, also will pay out of its assets all of its ordinary and extraordinary expenses which, depending on the nature of the Fund as

well as the specific services to be provided by HMA, may include, but are not limited to, (i) organizational expenses, (ii) legal, accounting, auditing, tax, market data, valuation, insurance (including directors and officers liability insurance), printing, computer, postage and similar fees and expenses, (iii) fees and expenses of a Fund's administrator, the custodian(s), any sub-administrator(s), sub-custodian(s), independent directors, general partners, managing members and other service providers, (iv) trade processing and reconciliation fees and expenses, collateral management fees and expenses and any other middle-office expenses, (v) agreed out-of-pocket expenses incurred by HMA, the administrator and other service providers attributable to the services provided to the Funds, including, without limitation, insurance costs and certain out-of-pocket expenses related to regulatory compliance (for example, expenses associated with the preparation of regulatory filings), (vi) fees and expenses incurred with respect to the periodic review and, if appropriate, modification of offering and governing documents, (vii) interest, commitment and other fees in connection with borrowings, (viii) transaction-related expenses, including brokerage fees and custody charges, (ix) research and due diligence related expenses, including related consulting fees, travel, background investigations on Investment Managers or proposed Investment Managers, subscriptions, databases, legal fees, fees for data processing, data aggregation and risk reporting, (x) extraordinary expenses (e.g., litigation costs, liquidation-related expenses (including any fees charged by a liquidation agent) and indemnification obligations) that a Fund may incur, and (xi) any other expenses related to the Fund's ongoing operations.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

HMA does not receive performance-based compensation. However, the relevant Investment Manager may receive performance-based compensation.

Performance-based compensation arrangements payable to an Investment Manager creates an incentive for the Investment Manager to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such arrangements also create an incentive for the Investment Manager to



favor higher fee paying accounts over other accounts, including for purposes of the allocation of investment opportunities.

Although HMA does not receive performance-based compensation, the specific fee arrangements will vary among clients and, accordingly, HMA may have an incentive to favor certain accounts over other accounts; including, without limitation, the incentive to focus more resources and efforts to higher fee-paying Clients. However, the Investment Managers and not HMA will be responsible for allocating investment opportunities among the relevant Fund and such Investment Manager's other clients.

### **Item 7 – Types of Clients**

HMA provides services to institutional clients including without limitation corporations, pension plans, state and municipal government entities, endowments, sovereign wealth funds, insurance companies, fund-of-fund managers, family offices or other investment advisers. HMA provides certain services directly to the Funds established for the benefit of such institutional clients. For purposes of Item 5.D of Form ADV Part 1, HMA includes only the Funds as Clients in order to avoid double-counting of clients, and similarly for purposes of Item 5.F HMA includes master funds but not feeder funds into such master funds.

HMA does not have formal minimum account size requirements for its services, although HMA fee arrangements will typically be subject to minimum fee amounts. In general, a DMA Platform is only suitable for sophisticated institutional clients seeking to make substantial allocations (typically \$50 million or more) to each Fund.

As discussed in Item 4 above, HMA provides services to asset managers that seek to sponsor a DMA Platform with a view to distributing Funds to their clients ("end-investors"). Such end-investors will not be advisory clients of HMA. An investment in a Fund does not, by itself, create an advisor-client relationship with HMA or any affiliated entity. An investor in a Fund will not become an investment advisory client of HMA or any affiliated entity solely by reason of having purchased one or more interests in a Client's Fund. Furthermore, the fact that an investor has an advisory or other fiduciary relationship

with one or more affiliates of HMA does not mean that HMA is in any way acting in an advisory or fiduciary capacity to such investor with respect to the investor's investments in a Fund.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis and Investment Strategies**

*Limited Scope of HMA Advisory Services.* HMA does not provide conventional portfolio management advice. HMA does, among other functions described herein, provide consultative services to certain Clients in connection with the structuring, establishment and day-to-day operational workflow of a Client's DMA Platform. In that capacity, HMA works with each Client and its legal, tax and other professional advisors to identify a structure that meets the Client's particular regulatory, tax and commercial needs. Each Client (either alone or with its professional advisors) is solely responsible for its own due diligence, risk assessment and tolerance, investment objectives, any decision to invest in a Fund, and for monitoring the Investment Manager for purposes of determining whether it wishes to remain invested in such Fund and whether the Investment Manager's strategy continues to be appropriate for the Client's circumstances and requirements. The availability of a Fund on a DMA Platform: (a) does not constitute a recommendation to any Client or end-investor as to the merits or suitability of investing in such Fund or of allocating capital to the relevant Investment Manager; and (b) does not constitute an endorsement by HMA, The Bank of New York Mellon or any affiliated entity (each, a "BNY Mellon Company" and collectively, "BNY Mellon Companies") of the applicable Investment Manager or a representation by any BNY Mellon Company that the performance of such Fund or Investment Manager is guaranteed or will be consistent with the prior performance returns obtained by the Investment Manager.

*Due Diligence and Monitoring of Investment Managers.* HMA may provide support and assistance in conducting operational due diligence on an Investment Manager's operational infrastructure and procedures. To the extent HMA provides support and assistance in due diligence on an Investment Manager, HMA does not form a judgment as to the future

prospects of the Investment Manager's investment program or suitability.

*Investment Guideline Monitoring and Risk Analytics.* Clients will be provided with access to the BNY Mellon Risk View investment guideline monitoring and risk analytics provided by HMRA. HMRA will monitor on an ongoing basis the activities of each Fund, generally on a t+1 basis, with a view to determining whether such Investment Manager is adhering to the investment guidelines set forth in the relevant investment management agreement. HMRA may utilize outside consultants, vendors and/or calculation agents in order to perform any agreed upon monitoring functions. Clients should be aware that investment guideline tolerances established by such Client to monitor a Fund's strategy may be exceeded from time to time, and it may not be practical or advisable to immediately reduce exposures to below the limits at such time. Clients should not assume that all Funds will at all times be in full compliance with all of their respective guidelines.

Certain Investment Managers limit the amount of information and transparency that can be provided to Clients and such limitations may adversely impact the functionality of the investment guideline compliance monitoring and risk analytics tools with respect to Funds advised by such Investment Manager. Accordingly, Clients should not assume that the full functionality of the BNY Mellon Risk View risk analytics tools will be available with respect to every Fund.

*Investment Strategies of DMA Platform Funds.* The investment strategy, guidelines and restrictions for a specific Fund are described in the applicable investment management agreement entered into between the Client and the applicable Investment Manager, and will vary in each case. Investment strategies employed by the Investment Managers may include, but are not limited to, equity long/short, aggressive growth, distressed securities, emerging markets, global macro, arbitrage (such as risk, convertible, or fixed income), equity market neutral, market timing, opportunistic, multi-strategy, event driven, managed futures, special situations, structured credit, and activist investor strategies. Each Investment Manager will use its discretion to allocate Fund assets in accordance with the investment strategy, guidelines and restrictions set forth in the applicable investment management agreement. In pursuing its investment strategy, an Investment Manager may

be authorized under the terms of its investment management agreement to trade, buy, sell, sell short and otherwise acquire, hold, dispose of, and deal in securities and other rights and interests in and relating to personal property including, without limitation: (i) U.S. and non-U.S. equity and equity-related securities, including convertible debt securities, “new-issues,” indices, exchange-traded funds, structured securities, and distressed equity securities (all of which may be publicly-traded or privately-held), (ii) U.S. and non-U.S. notes, bonds, government, government instrumentality and municipal bonds, bank debt, debt instruments and other fixed income financial instruments, and (iii) spot transactions and futures and forward contracts (including, without limitation, contracts for future delivery with respect to securities, currencies and other financial instruments), repurchase and reverse repurchase agreements, index futures, swap contracts (including asset swaps), currencies and warrants, as well as listed and over-the-counter-options and other derivative instruments (including credit derivatives) on all of the above financial instruments. Investing in securities involves risk of loss that clients should be prepared to bear. There can be no assurances that a Fund will achieve its investment objective or that the strategies pursued and methods utilized by an Investment Manager will be successful under all or any market conditions.

### **Material Risks**

While HMA does not recommend any types of securities for investment, the risk factors set forth below (which do not purport to be a complete explanation of all of the risks involved in investing through Funds, or pursuant to the investment strategies utilized by a Fund to which assets may be allocated) should be considered.

**Risk of Loss.** An investment in alternative investment strategies is speculative, involves a high degree of risk and is not intended as a complete investment program. The strategies described in the section above relate to a variety of investments, the specific risks of which vary, and each of which can fluctuate in value. Furthermore, alternative investment strategies may be leveraged (including highly leveraged) and an Investment Manager’s performance may be volatile. Investment Managers pursuing alternative investment strategies commonly enter into swaps, futures, forwards, options and other

derivative transactions, including commodity interests, for various hedging and/or speculative purposes. The value of each Fund's portfolio can fall and a Client may not receive the full amount originally invested. Investors could lose all or a substantial portion of their investment and must have the financial ability, sophistication/experience and willingness to bear the risks of an investment long term

**DMA Platform Service Risks.** HMA and its affiliates will have access on a continuing basis to data relating to the holdings of the Funds, the operations of each Investment Manager and an Investment Manager's compliance with the investment guidelines and restrictions. However, HMA will have no discretion or control over the investment activities of the Investment Manager. HMA cannot, therefore, ensure an Investment Manager's compliance with such investment guidelines and restrictions or the terms of its investment management agreement. Furthermore, Clients should be aware that investment guideline compliance monitoring is performed on a post-trade and not on a pre-trade basis, and that a Fund's investment guideline tolerances established by such Client to monitor the Fund's strategy may be exceeded from time to time, and it may not be practical or advisable to immediately reduce exposures to below the limits at such time. Clients should not assume that all Funds will at all times be in full compliance with all of their respective guidelines.

**Limited History.** HMA was organized in 2009 and commenced the provision of dedicated managed account platform services in 2012, although members of the management team have extensive experience in creating and operating managed account platforms and in-depth experience in risk monitoring and analytics. No assurance can be given that HMA will be able to adequately monitor the operations of Investment Managers and the Funds. Furthermore, each Fund established by a Client will be newly organized and the Investment Manager may have no or limited experience in pursuing its investment strategy within the specific parameters (including, without limitation, the investment guidelines and restrictions, assets under management, and liquidity rights) applicable to the Fund.

**General Investment Risks.** All financial instrument investments present a risk of loss of capital. Such investments are subject to investment-specific price fluctuations as well as to macro-economic, market and industry-specific conditions, including, but not limited to:

- national and international economic and geo-political conditions including periods of market illiquidity, dislocations, and volatility;
- domestic and international financial policies and performance, and conditions;
- national and international politics and governmental events including, without limitation, comprehensive regulation and reform relating to the US and foreign derivatives markets;
- custodians and brokerage firms and counterparties can become bankrupt, and if so may have failed to segregate customer assets or may be domiciled in jurisdictions where client funds are afforded less protection;
- changes in income tax laws in the jurisdiction of domicile or residence of the Client or the Fund, or in a jurisdiction in which Fund or Investment Manager engages in activity;
- exposure to illiquid assets and assets subject to legal or other restrictions on transfer or for which no liquid market exists;
- use of leverage and reliance on financing arrangements and availability of credit;
- risk of inaccurate valuation of Fund assets;
- risk that investment results can vary substantially on a monthly or annual basis;
- possibility of in-kind distributions; and
- operational risks and risk of service provider failures.

**Risk Relating to Investment Managers.** All day-to-day trading and advisory decisions about each Fund will be made by its corresponding Investment Manager. No Client should invest in a Fund unless it is willing to entrust all aspects of the investment management activities of the Fund to its Investment Manager. While HMA seeks to monitor each Investment Manager's compliance with the investment guidelines and restrictions set forth in the investment management agreement, there are a number of limitations on HMA's ability (and the ability of its affiliates) to monitor an Investment Manager's trading activities (as described above) and other risks relating to the Investment Managers, including:

- investment guideline compliance monitoring will only be performed on a post-trade basis;
- lack of availability of information (including, without limitation, as a result of reliance on third parties for valuation data);
- reliance on Investment Managers for accuracy of certain information (including, without limitation, with respect to trade errors, fair allocation of investment opportunities and use of soft dollars);
- risk of illegal activity by Investment Managers or their personnel including, without limitation, fraud, insider-trading, and trading ahead of client accounts or "front-running";
- contractual limitations on the liability of an Investment Manager and potential indemnity claims of an Investment Manager; and
- Substantial fees and expenses regardless of profits; and
- Investment Manager key person risk.

## **Item 9 – Disciplinary Information**

HMA does not have any disciplinary or legal events to report and is not a defendant or

party to any of the complaints or actions described in the following paragraph.

The New York State Attorney General's Offices, the U.S. Attorney's Office for the Southern District of New York and certain 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 HMA. 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. 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. HMA was not a defendant to any of these actions.

#### **Item 10 – Other Financial Industry Activities and Affiliations**

HMA was registered with the U.S. Commodity Futures Trading Commission as a commodity pool operator on April 17, 2014 and is a member of the National Futures Association. HMA does not currently serve as a commodity pool operator with respect to any Funds, but may do so in future if requested by a Client.

An affiliate of HMA, HedgeMark Risk Analytics, LLC ("HMRA"), has developed performance and risk measurement and monitoring technologies that assist in providing portfolio monitoring based on having transparency into a DMA Platform's underlying portfolios. Risk analytics tools will be provided to Clients either through HMRA or through another affiliate of BNY Mellon (collectively, "BNY Mellon Risk View"). Access to BNY Mellon Risk View investment guideline compliance monitoring services and risk analytics tools will generally be provided to Clients with respect to the Funds serviced by HMA at no additional cost, subject to HMRA or BNY Mellon standard terms and conditions.

HedgeMark Securities LLC (the "HMS"), an affiliate of HMA, is an SEC registered broker-dealer and a member of the Financial Industry Regulatory Authority ("FINRA"). The entity is currently dormant and does not engage in any business (including broker/dealer)



activity.

### Conflicts of Interest

Potential conflicts of interest exist as a result of HMA's affiliation with BNY Mellon including, without limitation, with respect to any recommendation by HMA to select BNY Mellon as a service provider as opposed to independent third parties.

Funds may utilize the services of other BNY Mellon Companies, including but not limited to: asset custody services; deposit accounts and cash-sweeping services; fund administration; collateral management; prime brokerage and clearing services offered through BNY Mellon's subsidiaries Pershing LLC and BNY Mellon Clearing LLC; FX share class hedging; and private placement services offered through broker-dealers affiliated with BNY Mellon.

The selection of Fund service providers is made by the Client. The Client and Fund are under no obligation to engage BNY Mellon to serve as administrator, custodian, counterparty or in any other capacity to the Funds. To the extent that BNY Mellon is selected by a Client to provide services or to act as counterparty to a Fund, such services will be provided pursuant to a separately negotiated agreement among BNY Mellon, the Client and the Fund, and HMA will not assist in the preparation or negotiation of such agreement or its commercial terms. Services provided by BNY Mellon Companies will be provided at commercially competitive rates; however, HMA will indirectly benefit where an affiliate receives compensation from a Fund it provides such services to.

BNY Mellon Companies may have other service relationships with Investment Managers and other Fund service providers (as further described below) which may subject HMA to certain actual or apparent conflicts of interest. For example, BNY Mellon Companies may have information regarding potential credit issues with Fund counterparties, or regarding the performance or operations of an Investment Managers. Information barriers exist between HMA and other BNY Mellon Companies due to legal, regulatory and confidentiality constraints such that HMA will not have access to such information and, consequently,

HMA will not recommend action on the basis of such information, or have any obligation to provide such information to Clients.

In certain instances, HMA asset manager Clients may provide information about their DMA Platform and the services provided by HMA to such Client and applicable Funds in connection with such Client's solicitation efforts. HMA's agreement to allow its information to be utilized in these instances, or its participation in meetings with end-investors to describe its services, does not constitute a recommendation or endorsement of any Client's or Fund's investment program, performance prospects or suitability for any given end-investor, nor do the HMA services constitute or create a client relationship with Fund investors. However, as HMA generally receives a fee calculated as a percentage of a Fund's asset value, Clients' fund raising efforts may indirectly result in an increase in compensation paid to HMA.

#### BNY Mellon is a Global Financial Services Company

HMA, HMRA and HMS are wholly-owned subsidiaries of HedgeMark International LLC ("HMI"). HMI is in turn wholly-owned by BNY Mellon. 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.

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

BNY Mellon and/or its other affiliates may gather data from us about the Funds, including information about holdings within client portfolios, which is required for regulatory filings to be made by us or BNY Mellon or other affiliates or for other compliance, legal or risk management purposes, pursuant to policies and procedures of HMA, 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 HMA, 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 HMA) and our clients, and may restrict our investments, transactions and operations. Additionally, BNY Mellon may in the future, in its sole discretion and without notice, engage in activities impacting us 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) HMA and accounts supported by us 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.

#### Other Relationships

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 Funds supported by HMA may be executed through the Alternative Trading System. HMA and BNY Mellon disclaim that either is an affiliate of Luminex, and HMA has no authority to direct trades for any Fund.

Some of our clients may retain consulting firms to assist them in selecting investment managers. Some consulting firms provide services to both those who hire investment managers and to investment management firms, and we may provide separate advisory services directly or indirectly to employees of such consulting firms. We may pay to attend conferences sponsored by consulting firms and/or purchase services from consulting firms where we believe those services will be useful to us in operating our investment

management business. We do not pay referral fees to consultants. However, our clients and prospective clients should be aware that consulting firms might have business relationships with investment management firms that they recommend to their clients.

It is anticipated that HMA will from time to time provide dedicated managed account services to certain Investment Managers who have a desire to outsource non-investment related activities relating to funds-of-one sponsored by them for institutional clients. Where these Investment Managers also manage the Funds of one or more HMA Clients, HMA may be subject to potential conflicts of interest in monitoring the activities of the Client's Fund managed by such Investment Manager and when providing support with respect to due diligence on an Investment Manager's operational infrastructure and procedures. Applicable Clients will be notified of any such engagement by HMA.

BNY Mellon maintains, and we have 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**

HMA has adopted a Code of Ethics that is made up of two parts:

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

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

1. Conflicts of Interest: gifts, entertainment and other payments; personal conflicts of interest; fiduciary appointments and bequests; outside affiliations,

outside employment and certain outside compensation issues; and disclosure of relationships and transactions;

2. Proper Use and Care of Information and Proper Recordkeeping: proprietary information and intellectual property; data integrity and corporate information; use of e-mail and internet; accurate accounting and internal controls; use of non-public or “inside” information; talking to the media; and document retention;

3. Dealing with Customers, Prospects, Suppliers, and Competitors: business relationships with customers, prospects, suppliers, and competitors; business decisions; exploitation of relationships and use of the company’s name, letterhead or facilities; knowing your customer; and recognizing and reporting illegal, suspicious, or unusual activities;

4. Doing Business With the Government: complying with government contracts, government contracting laws and regulations; integrity in the sales and marketing process; truthful, accurate statements and recordkeeping; safeguarding government information and property; cooperating with government audits and investigations; and meeting employment and labor obligations;

5. Personal Finances: personal investments; personal brokerage accounts; 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.

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

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

#### PSTP Overview:

1. IEs and ADMs are subject to preclearance and personal securities reporting requirements, with respect to discretionary accounts in which they have direct or indirect ownership;
2. Transaction reporting is not required for non-discretionary accounts, transactions in exempt securities or certain other transactions that are not deemed to present any potential conflicts of interest;
3. Preclearance is not required for transactions involving certain exempt securities (such as open-end investment company securities that are not Proprietary Funds or money market funds and short-term instruments, non-

financial commodities; transactions in non-discretionary accounts (approved accounts over which the employee has no direct or indirect influence or control over the investment decision-making process); transactions done pursuant to automatic investment plans; and certain other transactions detailed in the PSTP which are either involuntary or deemed not to present any potential conflict of interest;

4. We have a “Preclearance Compliance Officer” who maintains a “restricted list” of companies whose securities are subject to trading restrictions. This list is used by the Preclearance Compliance Officer to determine whether or not to grant trading authorization;

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

6. With respect to transactions involving BNY Mellon 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 BNY Mellon securities within any 60 calendar day period);

7. With respect to non- BNY Mellon 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 by contacting the Chief Compliance Officer at 212.888.1300.

#### Interests in Client Transactions



HMA does not direct the trading and investment activities of its Clients, except that HMA may recommend that a Client direct an Investment Manager to buy or sell securities for purposes of bringing a Fund's investment portfolio into compliance with such Fund's investment guidelines.

HMA will not engage in principal transactions with client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated private investment fund and another client account

### **Item 12 – Brokerage Practices**

Each broker that has custody of Fund assets or that holds collateral on behalf of a Fund will generally be selected by the relevant Investment Manager or by the Client or Fund governing body (which may or may not comprise officers and employees of the Client). Under the terms of HMA's client agreements, the Client, and not HMA, is responsible for the selection of all service providers and counterparties, and HMA does not undertake an obligation or responsibility to monitor or provide opinions with respect to the quality of services provided by Fund service providers (except to the extent explicitly undertaken in the written agreement with the Client) or with respect to the creditworthiness of Fund counterparties.

The Investment Managers engaged by the Client will determine the securities to be bought or sold and the amount of securities to be bought or sold for their respective Fund, and will be subject to the terms of the applicable investment management agreement entered into between the Investment Manager and the Client with respect to brokerage practices, best execution and the use of soft dollars, including, without limitations, whether the use of soft dollar should be limited to the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934.

### **Item 13 – Review of Accounts**

As part of its dedicated managed account services, HMA assists clients in the formulation of actionable investment guidelines and restrictions which are monitored for compliance by HMA's affiliate, HMRA. HMA may also monitor Investment Managers for compliance with certain operational standards agreed with a Client. HMA does not monitor an Investment Manager's performance prospects with a view toward the continued suitability of a Fund's strategy for any investor in such Fund.

Monitoring of an Investment Manager's compliance with a Fund's investment guidelines will generally be conducted on a t+1 basis with the use of HMRA's risk analytics tools. Additional analysis may be conducted on a less frequent basis.

Unless otherwise agreed, Client receive monthly statements from their Fund administrator, as well as annual independently audited financial statements. The nature and frequency of such reports and audits may vary among Funds.

### **Item 14 – Client Referrals and Other Compensation**

As described in Item 10 above, BNY Mellon has adopted an incentive compensation 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.

Under such program, HMA may pay bonuses and referral fees to its affiliates and their employees for referring business to HMA. The bonuses and referral fees may be based on the number of referrals made and/or the revenue generated by the referral. HMA does not currently pay fees to unaffiliated solicitors and placement agents for referring clients or investors to HMA although it may do so in the future. If applicable, any such referral

arrangements will be in compliance with Rule 206(4)-3 under the Investment Advisers Act of 1940.

### **Item 15 – Custody**

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

For purposes of the Custody Rule, HMA is deemed to have “custody” of Client assets because HMA has the ability to deduct fees from Client custodial accounts, and has the authority to move Client funds and securities out of an account held by a custodian.

An adviser that is deemed to have custody of a client’s funds or securities, among other things, is required to comply with the following requirements.

- (i) A qualified custodian must maintain the funds and securities, and the adviser must notify the client in writing of the qualified custodian’s name, address and the manner in the funds are maintained. HMA Clients enter into applicable custody arrangements directly with the qualified custodian selected by them, which may be (but is not required to be) a BNY Mellon affiliated entity.
- (ii) The adviser must have a reasonable basis for believing that the qualified custodian sends an account statement at least quarterly to each of the clients identifying the amount of funds and of each security in the account at the end of the period and setting forth the transactions in the account during that period. HMA Clients received such account statements at least quarterly, and generally on a more frequent basis.
- (iii) The client funds must be verified by actual examination at least once during each calendar year by an independent public accountant at a time chosen by

the accountant without prior notice or announcement to the adviser (the “Surprise Exam Requirement”). The Custody Rule contains an exception from the Surprise Exam Requirement where the client is a pooled investment vehicle (or other similar entity), provided the audited financial statements are prepared for the pooled investment vehicle or fund in accordance with generally accepted accounting principles and distributed to investors in the fund within 120 days following the end of the fiscal year. HMA expects to rely on this exemption to avoid a surprise audit for certain Clients. Where a BNY Mellon affiliate serves as the qualified custodian for client funds, HMA receives a copy of the internal control report for such affiliate each year.

#### **Item 16 – Investment Discretion**

The services currently provided by HMA (described in Item 4 above) are provided on a non-discretionary basis. The scope and limitations of any discretionary services provided by HMA would be tailored to and negotiated by a specific Client and would be specified in writing in an agreement with the Client.

#### **Item 17 – Voting Client Securities**

Because of the nature of its services and the delegation of discretion to Investment Managers, HMA does not have discretion to vote proxies for a Fund’s portfolio securities; the applicable Investment Manager or the Fund’s Board of Directors will exercise discretion to vote proxies for a Fund’s securities.

#### **Item 18 – Financial Information**

HMA is not required to include a balance sheet for its most recent fiscal year, has no financial condition that impairs its ability to meet contractual commitments to its clients, and has not been the subject of a bankruptcy proceeding.