

# **BNY Mellon** **Securities Corporation**

**240 Greenwich Street, New York, NY 10286**

## **Form ADV Part 2A, Appendix 1** **Wrap Fee Program Brochure** **As of March 30, 2024**

**This wrap fee program Brochure provides information about the qualifications and business practices of BNY Mellon Securities Corporation (BNYMSC). If you have any questions about the contents of this Brochure, please contact us at 212-635-8827.**

**The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.**

**Registration with the SEC does not imply a certain level of skill or training.**

**Additional information about BNYMSC and its affiliated investment advisers is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

***Clients of the Customized Investment Series or the Municipal Bond Series should also review the Brochures of any firms acting as Portfolio Managers or Delegated Subadvisers, which accompany this Brochure when an account is first opened, and which may also be found at the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).***

## **Item 2. Material Changes**

We may update this document at any time but are required to promptly send clients a copy of any material changes to our disclosures upon doing so. We may, at our discretion, either provide you with an updated copy of this Brochure, or an annual summary of all material changes that have occurred to this Brochure along with an offer to provide you with the updated Brochure.

Our last annual update of this Brochure was on March 31, 2023. There have been no material changes since that time.

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**BNY Mellon**  
**Securities Corporation**  
**Form ADV Part 2A, Appendix 1**  
**BNY Mellon Managed Asset Program**

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## **Item 4. Services, Fees and Compensation**

### **Our Firm**

BNY Mellon Securities Corporation (“BNYMSC,” “Firm,” “We,” “Our” or “Us”) is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”) and as a broker-dealer under the Securities Exchange Act of 1934 (the “1934 Act”); is a member of the Financial Industry Regulatory Authority (FINRA); and is registered with the National Futures Association (NFA) as an introducing broker. BNYMSC is a wholly owned subsidiary of BNY Mellon Investment Adviser, Inc. (“BNYM Investment Adviser”) and an indirect, wholly owned subsidiary of The Bank of New York Mellon Corporation (“BNY Mellon”).

### **BNY Mellon Managed Asset Program**

BNYMSC, as an investment adviser, offers a wrap fee investment program through its BNY Mellon Advisor Services division called the BNY Mellon Managed Asset Program (“MAP” or the “Program”) to individuals and other clients (each a “Client” and collectively, the “Clients”) that may include trusts, estates, charitable organizations, individual retirement accounts, corporations, or other business entities.

The Program has three currently available components (the “Program Components”):

- (1) a Mutual Fund Series (the “Mutual Fund Series”) that enables Clients to invest in a wide array of mutual funds (“Funds”) from an approved group of fund families, including Funds that are managed and administered by BNYM Investment Adviser and distributed by BNYMSC (“BNY Mellon Funds”) and unaffiliated third-party Funds (“Third Party Funds”);
- (2) a Customized Investment Series (the “Customized Investment Series”) that enables a Client to invest in equity investment strategies through one or more separately managed accounts managed by professional investment advisory firms, which currently consist of Faye Sarofim & Co. (“Sarofim”), an unaffiliated investment adviser, and BNYMSC; and
- (3) a Municipal Bond Series (the “Municipal Bond Series”) that enables a Client to invest in national or state specific separately managed accounts managed by Insight North America LLC (“Insight”), an affiliate of BNYMSC.

The Customized Investment Series and Municipal Bond Series are not available for retirement account Clients, including Individual Retirement Account (“IRA”) Clients or Simplified Employee Pension IRA (“SEP IRA”) Clients. Please also refer to the discussion under ***In General*** in Item 4 of this Brochure for more information about the types of retirement accounts the Program may accept.

In addition to the three currently available Program Components, there are three legacy components which are no longer available to new Clients, but that remain open for activity by existing Clients who are currently invested in those components. These legacy components are the Mutual Fund Series – Retirement Accounts (the “Retirement Series”); Mutual Fund Series – Index Portfolio (the “Index Portfolio”); and the Combined Series (the “Combined Series”). The Retirement Series enables such existing Clients who are IRA Clients to invest in an array of BNY Mellon Funds. Existing Retirement Series Clients may at their option also obtain access in their Retirement Series account to the Third-Party Funds currently available through the Mutual Fund Series. The Index Portfolio enables such existing Clients to invest in a mutual fund portfolio comprised of BNY Mellon Funds that are index funds. The Combined Series enables such existing Clients to invest in a combination of Funds in the Mutual Fund Series, and one or more separate accounts in the Customized Investment Series and/or the Municipal Bond Series. The separate accounts available through the Customized Investment Series, the Municipal Bond Series or the Combined Series are referred to in this Brochure individually as a “Separate Account” and collectively as the “Separate Accounts.”

Subject to a Client meeting certain minimum investment requirement as described below, the Client may open one or more accounts in the Program (each an “Account”) with respect to the Mutual Fund Series, the Customized Investment Series or the Municipal Bond Series. The Program includes: (i) monitoring of the Funds and automatic rebalancing and performance reporting for Clients in the Mutual Fund Series; (ii) monitoring and performance reporting for Clients in the Customized Investment Series; and (iii) credit surveillance for the Municipal Bond Series.

In addition to serving as Program sponsor, BNYMSC may serve as one of the available Portfolio Managers (as defined below) within the Customized Investment Series with respect to one or more investment strategies offered to Clients and, in such capacity, will retain affiliated investment management firms as subadvisers (each a “Delegated Subadviser”). Such Delegated Subadvisers will perform certain investment advisory services on BNYMSC’s behalf, including providing investment recommendations to BNYMSC based on a particular investment strategy (the “Strategy” or “Strategies”). Pursuant to BNYMSC’s engagement of a Delegated Subadviser, BNYMSC may delegate all or a portion of its investment strategy discretion to a Delegated

Subadviser while retaining trading discretion over the Client's Program Account. The Delegated Subadviser is responsible for monitoring, evaluating and adjusting the investment recommendations based on the Delegated Subadviser's investment research, experience and judgment. Currently, Newton Investment Management Limited ("Newton"), an affiliated investment manager, has been engaged by BNYMSC as a Delegated Subadviser with respect to the Global Equity Income ADR strategy (the "GEI Strategy") offered within the Customized Investment Series.

Though selection of BNYMSC or an affiliate as a Portfolio Manager (and BNYMSC's use of affiliates as Delegated Subadvisers) does not increase the Advisory Fee payable by a Client, this may present certain actual or potential conflicts of interest for BNYMSC and such affiliates. Please refer to Item 6 (**Portfolio Manager Selection and Evaluation**) and Item 9 (**Additional Information**) of this Brochure for a detailed description and discussion of these topics.

### **Separate Account Investment Strategies**

#### **Municipal Bond Series**

The **Insight strategy** we offer in the Municipal Bond Series is a tailored version of Insight's Municipal Bond Fixed Income strategy, designed to generate predictable levels of income rather than total return, and is available as US national, as well as California, New Jersey and New York state-specific portfolios. These portfolios are structured using a 10-year ladder-maturity, buy-and-hold investment approach. Each Client's portfolio is divided into ten approximately equal portions, with the holdings in each portion (or "rung" of the maturity "ladder") successively maturing in one-year intervals, currently from three years through twelve years. As the shortest (three year) rung matures, the proceeds are reinvested in bonds having twelve-year maturities, and this investment cycle continues on an ongoing basis. Securities are otherwise generally not purchased or sold, except to accommodate initial portfolio investment, subsequent Client-directed deposits or withdrawals, security dispositions related to credit quality oversight, and account terminations. The strategy is limited to US municipal bonds and does not utilize securitized investments, derivatives or leverage.

As Portfolio Manager, Insight may periodically, in its discretion, to accommodate changing market conditions on behalf of Client Accounts, adjust the starting and ending points of the rungs of the maturity ladder, while still maintaining an overall ten-year span. In such cases, one or more rungs may remain wholly or partially vacant until such time as the new maturity structure may be fully implemented.

Please also refer to Item 8 and Appendix A of this Brochure for additional information, including a discussion of the material risks associated with this strategy.

**Customized Investment Series**

The **Sarofim strategy** we offer in the Customized Investment Series, for which Sarofim acts as Portfolio Manager, represents Sarofim's Large Capitalization Equity Product. This strategy is focused on domestically traded common stocks with large market capitalizations and high daily trading volumes. American Depositary Receipts, preferred stocks and foreign stocks may also be included. Sarofim invests in the stocks of companies that it believes are high quality, financially sound industry leaders that have an expanding global presence. Sarofim generally maintains an investment perspective of at least three to five years, which tends to result in lower portfolio turnover. The strategy does not utilize derivatives, options, short-selling, leverage, initial public offerings or market timing.

Please also refer to Item 8 and Appendix A of this Brochure for additional information, including a discussion of the material risks associated with this strategy.

The **Newton strategy** we offer in the Customized Investment Series, for which BNYMSC acts as Portfolio Manager, represents an American Depositary Receipts ("ADRs")-focused version of Newton's Global Equity Income strategy. Securities are selected using a bottom-up process within a global thematic framework. The strategy typically holds securities that have a yield premium to the strategy's benchmark, the MSCI World Index, and is limited to Depository Trust and Clearing Corporation (DTCC)-eligible securities of global companies and index-based exchange-traded funds. The strategy invests predominantly (typically at least 80%) in securities of developed markets, such as the US, Canada, Japan, Australia, Hong Kong and Western Europe, but may also invest up to 30% in securities of emerging markets. The strategy is typically comprised of approximately 50% ADRs and 50% stocks, and does not utilize derivatives, options, short-selling, leverage, initial public offerings or market timing.

Please also refer to Item 8 and Appendix A of this Brochure for additional information, including a discussion of the material risks associated with this strategy.



**Additional Information About the Program**

The Program is comprised of the following elements:

**1. Client Questionnaire and Investment Guidelines**

The Client will complete a confidential Program Client Questionnaire (the “Questionnaire”), designed to help the Client identify and provide BNYMSC information about the Client’s current investments, financial circumstances and investment objectives.

In addition, the Mutual Fund Series Questionnaire contains an integral Risk Tolerance Assessment (the “Risk Assessment”) further designed to assist BNYMSC with recommending an Asset Allocation Plan as described in the following section titled **Asset Allocation Plan**.

Customized Investment Series and Municipal Bond Series Clients may on their Questionnaire specify security or sector specific investment restrictions (and, with respect to the Municipal Bond Series, investment restrictions relating to fixed income-related portfolio characteristics, such as duration, credit quality and maturity) with respect to the management of their Separate Account. Such investment restrictions, if any, are referred to in this Brochure as the “Investment Guidelines.”

The Client agrees to promptly notify BNYMSC in writing of any change in, as applicable, the Risk Assessment, the Investment Guidelines or the Client’s financial condition that may affect the manner in which the Account assets are to be invested under the Program.

With respect to Customized Investment Series and Municipal Bond Series Clients, BNYMSC will promptly convey Investment Guidelines revisions to the applicable portfolio manager or managers selected by the Client in accordance with Item 6 of this Brochure (each a “Portfolio Manager”).

In general, based on such written notification from the Client, BNYMSC may reevaluate the suitability of a particular Fund or Separate Account for the Client, or recommend a change in the investments to be made under the Program. Any changes to the Investment Guidelines will become effective as soon as practicable following their delivery in writing to BNYMSC and their acceptance by BNYMSC and the applicable Portfolio Manager(s).

## **2. Asset Allocation Plan**

For Clients who participate in the Mutual Fund Series, BNYMSC, in consultation with the Client and based on the Client's responses to the Questionnaire and Risk Assessment, will recommend, from among a suite of available model-based options, an asset allocation plan ("Asset Allocation Plan"). BNYMSC has retained an affiliate, BNY Mellon Advisors, Inc., to provide, maintain and periodically update the model-based Asset Allocation Plan options offered in the Mutual Fund Series, and pays BNY Mellon Advisors, Inc. a fee for this service. Please note that this fee is borne directly by BNYMSC and has no impact on any fee charged to a Client who participates in the Program.

For Clients who participate in the Customized Investment Series or Municipal Bond Series, BNYMSC may, if a Client so requests, provide a one-time, initial allocation recommendation based on the Client's overall investment needs and objectives as described in the Questionnaire and initial Investment Guidelines. Such Client's request for and use of such recommendation, in whole or in part, is voluntary and valid only at the time it is made, and BNYMSC will not utilize any such recommendation in the subsequent management of the Client's Customized Investment Series or Municipal Bond Series Separate Account.

To participate in the Mutual Fund Series, the Client must either accept the Asset Allocation Plan recommended by BNYMSC or, at the Client's discretion, select an alternate Asset Allocation Plan from among the available options, and instruct BNYMSC to invest Account assets pursuant to such accepted or alternate Asset Allocation Plan. As more broadly described under **In General**, below, we reserve the right, at our discretion, not to accept an Account in cases where we believe an alternate Asset Allocation Plan selected by the Client may not be consistent with the Client's financial situation or desired investment guidelines.

The current asset classes that are available under the Mutual Fund Series ("Asset Classes") include:

- US Large Capitalization Equities
- US Small and Mid-Capitalization Equities
- Global Income Equities
- US Taxable Fixed Income
- US Tax-Free Fixed Income
- International Equities – Developed Markets
- International Equities – Emerging Markets
- Cash Equivalents

BNYMSC will offer the Asset Allocation Plan for Mutual Fund Series Clients, as described above, based on the Client's individual investment needs and objectives as described in the Questionnaire and Risk Assessment provided by the Client. The Asset Allocation Plan will designate a combination of Asset Classes into which Account assets will be invested and the percentage of account assets to be invested in each Asset Class. The Asset Classes that are available through the Mutual Fund Series and the percentage of Account assets to be invested in each Asset Class are subject to change at any time, and the Client understands that the Asset Allocation Plan designed for the Client may need to be adjusted on occasion to reflect the addition or removal of certain Asset Classes from the Program. Pursuant to the Asset Allocation Plan, if applicable, the Client, in consultation with a BNYMSC Investment Advisory Representative ("Representative"), will choose one or more Funds for each Asset Class selected.

Upon opening an Account, the Client will designate a money market Fund managed by BNYM Investment Adviser (a "Sweep Fund") for the cash equivalents asset class (with respect to the Mutual Fund Series only) and for uninvested cash balances (with respect to all three Program Components). BNYMSC and its affiliates (including BNYM Investment Adviser) provide services to the Sweep Funds and receive fees for those services and, therefore, BNYMSC and its affiliates benefit financially when assets are invested in a Sweep Fund.

### **3. Client Agreement**

#### **Mutual Fund Series**

If a Client, in consultation with a Representative, chooses to participate in the Mutual Fund Series, the Client will sign an investment advisory agreement (the "Investment Advisory Agreement") that sets forth the terms and conditions for participation in the Program and that governs the operation of the Account. In particular, pursuant to the Investment Advisory Agreement, the Client engages BNYMSC to provide non-discretionary investment advisory and other services under the Program. Moreover, by signing the Investment Advisory Agreement, the Client instructs BNYMSC to rebalance the Account on a semi-annual basis based upon balances in the account on the last business day of the quarter preceding each rebalancing date (unless the Client and BNYMSC agree to a different time frame for rebalancing) by liquidating shares of certain Funds and purchasing shares of other Funds to realign Account investments with the percentage of Account assets to be invested in each Asset Class as specified in the Asset Allocation Plan; provided, however, that BNYMSC will not perform any rebalancing trade that would be for less than \$100. For rebalancing purposes, BNYMSC will only purchase shares of the selected Funds in proportion to the Asset Allocation Plan. Rebalancing involves the purchase and redemption of

Fund shares over a period of one or more business days and, therefore, involves certain investment risks and the possible loss of dividend earnings during the rebalancing period. BNYMSC will not execute investment transactions for the Mutual Fund Series except for purchase, redemption and rebalancing transactions in Fund shares made in accordance with the Client's instructions as set forth in the Investment Advisory Agreement and the Asset Allocation Plan accepted by the Client.

### **Customized Investment Series**

If a Client, in consultation with a Representative, chooses to participate in the Customized Investment Series, the Client will sign a client services agreement ("Client Services Agreement") that sets forth the terms and conditions for participation in the Customized Investment Series and governs the operation of the corresponding Customized Investment Series Separate Account. Under the Client Services Agreement, the Portfolio Manager selected by the Client will direct the investment and reinvestment of the assets in the Separate Account corresponding to the investment strategy selected. The Portfolio Manager will manage the Separate Account on a discretionary basis in accordance with the investment style listed adjacent to the Portfolio Manager's name in the Client Services Agreement.

As described above, BNYMSC may serve as one of the available Portfolio Managers within the Customized Investment Series, and, in such capacity, will retain affiliated Delegated Subadvisers with respect to certain investment strategies offered to Clients. In such cases, BNYMSC will execute securities transactions on a discretionary basis for the applicable Separate Accounts, utilizing specific investment strategy guidance from the corresponding affiliated Delegated Subadviser(s).

The Portfolio Manager will manage such corresponding Separate Account on a discretionary basis in accordance with the selected investment strategy and consistent with the Investment Guidelines.

### **Municipal Bond Series**

If a Client, in consultation with his, her or its Representative, chooses to participate in the Municipal Bond Series, the Client will sign a client services agreement (the "Municipal Bond Series Client Services Agreement") that sets forth the terms and conditions for participation in the Municipal Bond Series and governs the operation of the Separate Account. Under the Municipal Bond Series Client Services Agreement, the Portfolio Manager appointed by the Client will direct the investment and reinvestment of the assets in the Separate Account corresponding to the investment strategy provided by the Portfolio Manager and selected by the Client.

The Portfolio Manager will manage such corresponding Separate Account on a discretionary basis in accordance with the selected investment strategy and consistent with the Investment Guidelines.

### **In General**

Except as otherwise provided in the following paragraph, the Program will not accept as a Client a retirement or other employee benefit plan that is subject to the Employee Retirement Income Security Act of 1974 (“ERISA”) nor any other type of retirement account.

The Mutual Fund Series will accept IRA Client Accounts that are not subject to ERISA and will also accept SEP IRA Client Accounts. The Customized Investment Series and the Municipal Bond Series do not accept Client Accounts that would be subject to ERISA or retirement Client Accounts of any other type, including IRA Client Accounts. In addition, BNYMSC reserves the right, at its discretion, not to accept any Account prior to the signing of an Investment Advisory Agreement, Client Services Agreement or Municipal Bond Series Client Services Agreement by the Client.

Account assets will be invested without regard to potential tax consequences. BNYMSC does not provide any tax advice. Purchases and sales of securities may have tax consequences that the Client should discuss with an independent tax professional.

In the event a Client opens more than one Account in the Program, each Account will be governed by the separate client agreement described above corresponding to the Program Component selected by the Client.

There can be no assurance that the Client’s investment objectives can be achieved by this Program or any other investment strategy.

### **Fees and Expenses**

#### **Advisory Fee**

The Client will pay an annual fee with respect to each Program Component (the “Advisory Fee”) that includes all fees and expenses for the investment advisory, custodial, clearing and other services provided under the Program, as well as all brokerage commissions and associated transaction costs, except that the Client will pay certain fees and expenses in addition to the Advisory Fee as described below in **Additional Fees and Expenses Not Included in Advisory Fee**. Each Client’s Advisory Fee is set forth in the applicable Investment Advisory Agreement,

Client Services Agreement or Municipal Bond Series Client Services Agreement (collectively and individually referred to as the “Client Agreement”).

**Mutual Fund Series; Mutual Fund Series – Retirement Accounts; Mutual Fund Series – Index Portfolio; Combined Series (Mutual Fund portion)**

The standard Advisory Fee schedule for the Mutual Fund Series, Mutual Fund Series – Retirement Accounts, Mutual Fund Series – Index Portfolio and Mutual Fund Series portion of the Combined Series is set out below.

The Client’s annual Advisory Fee is reduced by a credit amount (“Credit Amount”). The purpose of this Credit Amount is to reduce the Client’s annual Advisory Fee by the amount of the fees or other compensation, if any, received from the BNY Mellon Funds and Third-Party Funds for investment management and/or certain other services provided by us or our affiliates. This Credit Amount is applied quarterly.

To the extent applicable, a Credit Amount is calculated for each Fund held in the Account as follows:

1. For the BNY Mellon Funds, the Credit Amount will equal the investment management fees, distribution and shareholder servicing fees (as applicable), and certain other fees (net of any expense waivers or reimbursement) paid to us or our affiliates by the Funds less any fees paid to non-affiliated sub-advisers.
2. For the Third-Party Funds, the Credit Amount will equal the distribution and shareholder servicing fees (as applicable), and certain other fees paid to us or our affiliates by the Funds.

These are added together to arrive at the total Credit Amount. The total Credit Amount is applied against the annual Advisory Fee to arrive at the annual net Advisory Fee.

<b>ANNUAL ADVISORY FEE SCHEDULE</b>			
<b>Account Asset Tier</b>	<b>Annual Advisory Fee – Mutual Fund Series and Mutual Fund Series – Retirement Accounts</b>	<b>Annual Advisory Fee – Mutual Fund Series - Index Portfolio</b>	<b>Annual Net Advisory Fee</b>
<b>First \$100,000</b>	<b>1.50%</b>	<b>0.85%</b>	<b>Annual Advisory Fee Less Credit Amount</b>
<b>Next \$400,000</b>	<b>1.15%</b>	<b>0.60%</b>	<b>=</b>
<b>Next \$500,000</b>	<b>1.00%</b>	<b>0.50%</b>	<b>Annual Net Advisory Fee</b>
<b>Assets above \$1,000,000</b>	<b>0.90%</b>	<b>0.35%</b>	

Fund shares purchased through the Program are generally comprised of share classes that do not assess distribution or “12b-1” fees (“Non-12b-1 Shares”). BNYMSC seeks to make available the lowest cost share class of a Fund that Program Clients are eligible to purchase that is not subject to transaction fees when Program Clients purchase and sell Fund shares in their Accounts. If Program Clients do not meet the eligibility criteria set forth in a Fund’s prospectus for a particular class of shares, then BNYMSC will seek to make available the lowest cost share class from among the remaining choices that is not subject to transaction fees when Program Clients purchase and sell Fund shares in their Accounts. This means that any share class of a Fund that subjects Program Clients to transaction fees will not be made available, even if such share class has the lowest stated expense ratio as reflected in a Fund’s prospectus. For a description of all available share classes for a given Fund, please refer to the Fund’s prospectus. BNYMSC periodically reviews the share classes offered by the Funds, but also relies on the Fund families to inform BNYMSC when and if share classes will be made available. Please contact your Representative for information about any limitations on the share classes available through the Program.

Subject to the eligibility criteria constraints discussed above, if BNYMSC makes available a share class for a Fund with a lower fee structure than the share class previously made available for that Fund, to the extent allowed, BNYMSC will effectuate for Clients a share class exchange of current (i.e., previously purchased) shares of the Fund for the lower fee share class of the same Fund. Such conversion of shares of a Fund can take time, including several days or more, to complete.



BNYMSC and its affiliates generally receive significantly higher fees from BNY Mellon Funds than from Third Party Funds. Neither BNYMSC nor its affiliates will receive any sales commissions or charges, fees, discounts, penalties or adjustments in connection with the purchase, holding, exchange, termination or sale of any shares of BNY Mellon Funds. The Client may be able to avoid the Advisory Fee by investing in the Funds directly instead of through the Program. However, the Client may pay sales charges on Funds purchased outside of the Program and may not be eligible to purchase the same share classes that are available through the Program.

Certain Clients, including those who began participating in the Program before adoption of the above Advisory Fee schedule and/or for whom the Advisory Fee was separately agreed to, may pay lower or higher fees.

**Customized Investment Series**

The standard Advisory Fee schedule for the Customized Investment Series is as follows:

Account Asset Tier	Annual Advisory Fee
First \$1,000,000	1.50%
All assets above \$1,000,000	1.25%

**Municipal Bond Series**

The standard Advisory Fee schedule for the Municipal Bond Series is as follows:

Account Asset Tier	Annual Advisory Fee
First \$500,000	0.70%
Next \$500,000	0.65%
Next \$4,000,000	0.60%
All assets above \$5,000,000	0.50%

With respect to the Customized Investment Series, the portion of the Advisory Fee that is paid to Portfolio Managers for providing investment advice can range from 0.40% – 0.60% of assets under management. With respect to the Municipal Bond Series, the portion of the Advisory Fee that is paid to Portfolio Managers for providing investment advice can range from 0.25% – 0.50% of assets under management.



**Combined Series**

The Advisory Fee for the services provided to Clients in the Combined Series is calculated separately with respect to Account assets that are held in the Mutual Fund Series and Account assets that are held in the Customized Investment Series and/or the Municipal Bond Series, in accordance with the foregoing Advisory Fee schedules (each as applicable).

**Fee Discount for Multiple Accounts**

Members of the same family – defined as Client; Client’s spouse or legal domestic partner; and Client’s children residing at the same address as Client, and businesses with the same ownership who own multiple Accounts in the Mutual Fund Series, Mutual Fund Series – Retirement Accounts or Mutual Fund Series - Index Portfolio (“Linked Accounts”), may be eligible for a discount on the Advisory Fee on such Linked Accounts. Clients must request the fee discount by completing a MAP Mutual Fund Series Discount Linkage Form. The discount will be applied at the beginning of the next quarter after the form is accepted by BNYMSC.

Members of the same family (as defined above) and businesses with the same ownership who own multiple Customized Investment Series Accounts may link these accounts to qualify for a discount on the Advisory Fee. Likewise, members of the same family (as defined above) and businesses with the same ownership who own multiple Municipal Bond Series Accounts may link these accounts to qualify for a discount on the Advisory Fee. Clients must request that their Customized Investment Series or Municipal Bond Series Accounts be linked for fee purposes by completing and signing a Customized Investment Series or Municipal Bond Series Discount Linkage Form. The discount can also be applied to a business account owned by a sole proprietor and an individual or joint account owned by the same person. Please note that a Customized Investment Series Account cannot be linked to a Municipal Bond Series Account for fee discount purposes. In addition, Accounts within the Mutual Fund Series, Mutual Fund Series – Retirement Accounts or Mutual Fund Series – Index Portfolio cannot be linked to a Customized Investment Series Account or Municipal Bond Series Account for fee discount purposes.

**Payment of Advisory Fees**

With respect to all current Program Components and legacy components, the Advisory Fee is automatically deducted from the Account within approximately the first ten calendar days of each quarter. The Advisory Fee for the Mutual Fund Series, Mutual Fund Series – Retirement Accounts, Mutual Fund Series - Index Portfolio, and Mutual Fund Series portion of the Combined Series is

calculated on a quarterly basis based on the average daily assets of the previous quarter and billed in arrears. The Advisory Fee for the Separate Account portion of the Combined Series, the Customized Investment Series, and the Municipal Bond Series is calculated and payable in advance based on the value of Account assets in the Program on the last business day of the previous quarter. The initial Advisory Fee will be calculated based on the value of the initial assets deposited into the Account and will cover the initial quarter (or, with respect to a partial quarter, will be prorated based on the number of days remaining in such quarter). The initial Advisory Fee will be automatically deducted from the Client's deposited assets on the effective date of the applicable Client Agreement. If the Client Agreement is terminated before the last day of a quarter, a prorated portion, based on the number of days remaining in the quarter, of the Advisory Fee paid in advance will be refunded to the Client. All Advisory Fee deductions from the Account will be made first from any uninvested cash balance and then by redeeming available shares of the Sweep Fund. If sufficient Sweep Fund balances are not available, BNYMSC will redeem sufficient shares of Funds or securities (if applicable, in the same manner that redemptions are to be made in connection with the rebalancing of the Account) to pay such Advisory Fee.

At our discretion, the Advisory Fee charged to a Client for participation in the Program may be negotiated and, in such circumstances, this negotiated Advisory Fee may differ from the standard Advisory Fees outlined above.

Note that no Credit Amount is applicable or payable with respect to Customized Investment Series or Municipal Bond Series Client Accounts, nor with respect to the portions of any Combined Series Client Account held outside of the Mutual Fund Series.

**Additional Fees and Expenses Not Included in Advisory Fee**

**Brokerage Account Fees and Expenses**

The securities transactions necessary for day-to-day investment management of a Client's Account are effected through a brokerage account ("Brokerage Account") that the Client is required to establish with BNYMSC and which is governed by a separate BNY Mellon Managed Asset Program Brokerage Account Client Agreement ("Brokerage Account Client Agreement"). Any applicable Brokerage Account fees and expenses incurred by Client, as detailed in the Brokerage Account Client Agreement, will be in addition to, and not included in, the Advisory Fee payable by the Client. A Client may open one or more Accounts in the Program; however, each Account requires establishment of a separate Brokerage Account and completion of a separate Client Agreement, and each Account will be assigned a separate and distinct Account number.

**Trading Away Fees and Expenses**

BNYMSC will introduce the Client's Brokerage Account to Pershing LLC ("Pershing"), a BNYMSC affiliate and BNY Mellon subsidiary, for execution and clearance of the securities transactions placed by BNYMSC or the Portfolio Managers. To facilitate obtaining best execution on behalf of Customized Investment Series Clients, however, Portfolio Managers may from time to time, in their sole discretion, execute securities transactions through broker/dealers other than Pershing. A Portfolio Manager may trade away for a variety of reasons, including the type of securities that the Portfolio Manager is buying or selling, or because the Portfolio Manager is aggregating Client trades with trades for other, non-Program clients. The corresponding brokerage commissions and associated transaction costs for such "trading away" activity will not be included in the Advisory Fee paid by the Client and instead will represent additional costs borne by the Client. Clients should also note that such brokerage commissions and associated transaction costs may be built into the net price of the investment reflected on trade confirmations as opposed to being separately itemized. Please also refer to the discussion below under **Execution, Clearance, Administrative and Custodial Services by Pershing**.

In connection with the GEI Strategy offered in the Customized Investment Series for which BNYMSC serves as the Portfolio Manager (and which is described in more detail under **Separate Account Investment Strategies** in Item 4 above), all trades for the period from January 1 through December 31, 2023, were executed with Pershing. This trading away information reflects historical data and may not be indicative of our current or future trading away practices.

With respect to the Sarofim Strategy offered in the Customized Investment Series (and which is described in more detail under **Separate Account Investment Strategies** in Item 4 above), for the period from January 1 through December 31, 2023, all trades executed by Sarofim on behalf of client accounts were executed with Pershing.

With respect to the Municipal Bond Series, the majority of trades are executed with broker/dealers specializing in municipal securities, rather than with Pershing. Unlike exchange-traded equity securities, municipal bond trades are typically executed on a principal, rather than agency, basis, for which markups, markdowns, and spreads are assessed in lieu of an explicit commission. Such markups, markdowns or spreads are reflected in the price the Client pays or receives for such securities as opposed to being separately itemized, and apply to municipal securities transactions either executed with, or traded away from, Pershing.

**Underlying Fund Fees and Expenses**

Clients in the Mutual Fund Series, Mutual Fund Series – Retirement Accounts, Mutual Fund Series - Index Portfolio or Combined Series (with respect to the portion of their assets invested in the Mutual Fund Series) will bear a proportionate share of each Fund’s fees and expenses, including investment management fees and fees for administrative, distribution, transfer agency, custody, legal and audit services and other fees and expenses customarily paid by mutual funds to persons who provide services to them. These fees will be in addition to the Advisory Fee and are described in each Fund’s prospectus or statement of additional information (“SAI”). Clients should review all applicable prospectuses and SAIs for additional information about these fees and expenses.

BNYMSC and its affiliates provide services to Funds in the Program and receive fees for those services from the Fund or one of its other service providers. Typically, these fees will be based on the value of a Fund’s total assets or the amount of Account assets invested in a Fund through the Program. In particular, BNYMSC or an affiliate will receive: (i) distribution or “12b-1” fees and/or (ii) shareholder servicing fees from a Fund except that no 12b-1 fees will be received when Clients are invested in Non-12b-1 Shares. The compensation received by BNYMSC and its affiliates varies from Fund to Fund, which means that BNYMSC and its affiliates benefit more when the compensation is higher, and is described in general terms in each Fund’s prospectus or SAI. BNYMSC and its affiliates receive significantly higher compensation from BNY Mellon Funds than from Third Party Funds. This creates a conflict of interest because BNYMSC and its affiliates have a financial incentive for Clients to invest in the Funds generally and to invest in Funds that result in higher compensation to BNYMSC and its affiliates. However, as discussed above, the Credit Amount offsets certain fees paid, with respect to the Mutual Fund Series, the Mutual Fund Series – Retirement Accounts, the Mutual Fund Series – Index Portfolio and the Mutual Fund Series portion, if any, of Combined Series Client Accounts, by a Fund to BNYMSC or an affiliate, including any applicable 12b-1 and shareholder servicing fees. Please review the description as to how the Credit Amount is calculated. The size of the total Credit Amount applied against a Client’s Advisory Fee will depend on the mix of Funds held in that Client’s Account. In addition, the manner in which the Representatives are compensated does not create a financial incentive to recommend one Fund over another.

**Other Fees and Expenses**

In addition to the fees and expenses described above, certain routine trading costs associated with the day-to-day investment management of an Account will not be included in a Client’s Advisory Fee and therefore represent additional costs to the Client. In general, these may include (but are

not necessarily limited to) the SEC fee imposed on sales of US securities and the transaction taxes imposed by certain non-US countries with respect to the purchase and sale of securities of certain issuers domiciled in those countries.

Markups, markdowns, and spreads assessed in principal transactions (which are more typical of fixed income securities) will not be included in the Client's Advisory Fee. Such costs are reflected in the price the Client pays or receives for such securities. Similarly, the purchase price for initial public offerings of securities typically includes a markup received by the underwriters or dealers involved in the distribution, rather than an explicit commission. Such markups will not be included in the Client's Advisory Fee but will be reflected in the price the Client pays for such securities.

With respect to trading away activity in the GEI Strategy, additional trading-related costs, such as non-US local market transaction taxes and ADR conversion charges, may also apply.

**Clients should carefully consider all fees and expenses, including the additional costs and expenses associated with trading away, before selecting a particular Portfolio Manager and investment strategy.**

### **Termination**

#### **Mutual Fund Series; Mutual Fund Series – Retirement Accounts; Mutual Fund Series – Index Portfolio**

With respect to a Client's participation in the Mutual Fund Series, Mutual Fund Series – Retirement Accounts or Mutual Fund Series – Index Portfolio, the Investment Advisory Agreement may be terminated (i) by BNYMSC upon not less than 30 days written notice to the Client, and (ii) by the Client upon written notice to BNYMSC, effective on the actual receipt of such notice by BNYMSC. Upon termination by BNYMSC, BNYMSC will place orders to redeem the shares of all Funds held in the Account as promptly as is practicable and will deliver the redemption proceeds to the Client, unless the Client notifies BNYMSC in writing to transfer such shares to another account designated by the Client (and provided such transfer is not contrary to any restrictions on mutual fund shares that may be specified in a Fund's prospectus). Upon termination by the Client, (i) the Client may, at the Client's discretion, instruct BNYMSC to redeem the Fund shares held in the Account and pay the Client the cash proceeds received therefrom, or (ii) the Client may, at the Client's discretion, instruct BNYMSC to transfer any or all of the Fund shares held in the Account to another account designated by the Client (and provided such transfer is not contrary to restrictions on mutual fund shares outlined in the Fund's prospectus), and to redeem any Fund shares held in the Account that are not transferrable and pay

the Client the cash proceeds received therefrom. Redemption of Fund shares in either event can result in a taxable event and the Client should be aware of the potential tax implications. In the event of termination by BNYMSC or the Client, it may take longer than three business days for the client to receive the proceeds from the redemption of shares of Funds other than the Sweep Fund.

**Customized Investment Series; Municipal Bond Series**

Similarly, with respect to a Client's participation in the Customized Investment Series or the Municipal Bond Series, the Client Agreement may be terminated (i) by BNYMSC upon not less than 30 days written notice to the Client, and (ii) by the Client upon written notice to BNYMSC, effective on the actual receipt of such notice by BNYMSC. In the event that the Client terminates the Client Services Agreement, the Client may, at his, her or its discretion, instruct the Portfolio Manager(s) and BNYMSC to: (i) liquidate all of the securities held in the Separate Account and pay the Client the cash proceeds received therefrom, or (ii) transfer, where permitted by the receiving account, any or all of the cash or securities held in the Separate Account to another account designated by the Client, and to liquidate any securities held in the Account that are not transferable and pay the Client the cash proceeds received therefrom. If the Program Account is to be liquidated as the result of a termination notice, the Client understands that the Portfolio Manager(s) may take up to five (5) trading days to effect such liquidation following the date that the liquidation request was received by the Portfolio Manager(s). Proceeds will be payable to the Client within 10 days of liquidation.

With respect to the Municipal Bond Series only, if the Client closes such Separate Account within the first three calendar quarters after opening the Account, an additional fee of \$1,500 will be charged to the Account. This fee is designed to reimburse BNYMSC for the particular expenses associated with establishing and maintaining a Program Account which holds solely municipal fixed-income securities.

**Combined Series**

With respect to a Client's participation in the Combined Series, the Client Services Agreement and the Investment Advisory Agreement may be terminated (i) by BNYMSC upon not less than 30 days written notice to the Client, and (ii) by the Client at any time upon written notice to BNYMSC, effective on the actual receipt of such notice by BNYMSC. In the event that the Client terminates the Client Services Agreement, the Client may, at his, her or its discretion, instruct the Portfolio Manager(s) and BNYMSC to: (i) liquidate all of the securities held in the Account and pay the



Client the cash proceeds received therefrom, or (ii) transfer, where permitted by the receiving account (and provided such transfer is not contrary to restrictions on outlined in the Fund's prospectus where mutual fund positions are included in the Account), any or all of the cash or securities held in the Account to another account designated by the Client, and to liquidate any securities held in the Account that are not transferable and pay the Client the cash proceeds received therefrom.

If the Program Account is to be liquidated as the result of a termination notice, the Client understands that the Portfolio Manager(s) may take up to five (5) trading days to effect such liquidation following the date that the liquidation request was received by the Portfolio Manager(s). Proceeds will be payable to the Client within 10 days of liquidation.

**Other Termination Provisions**

Following termination of any Account in the Program, BNYMSC will be under no obligation whatsoever to recommend any further action with regard to the shares of any Fund or Separate Account or to provide any further investment advice to the Client. BNYMSC retains the right to complete any transactions open as of the termination date and to retain amounts in the Account sufficient to effect such completion. In addition, other Account termination provisions may apply with respect to Clients who are deceased, incapacitated, or unavailable for contact for an extended period of time; please refer to your Investment Advisory Agreement, Client Services Agreement or Municipal Bond Series Client Services Agreement, as applicable, for more information.

**Execution, Clearance, Administrative and Custodial Services by Pershing**

As described above, all securities transactions for the Client's Program Account will be effected through the Client's Brokerage Account. BNYMSC will introduce such Brokerage Accounts to Pershing. Pershing will execute all purchase and sale orders directed to it by BNYMSC or the Portfolio Manager and perform the associated clearing services. A Portfolio Manager for the Customized Investment Series, Combined Series, or Municipal Bond Series may at its discretion select brokers and dealers other than Pershing to effect and execute transactions for such Program Accounts. To the extent such other brokers and dealers effect and execute transactions for Program Accounts, the corresponding brokerage commissions and associated transaction costs would not be included in the Advisory Fee paid by the Client and would represent additional costs incurred by the Client's Program Account. Pershing will in all cases maintain custody of all Program Account assets and perform custodial functions, including crediting of interest and dividends on Program Account assets and crediting of principal on called or matured securities in the Program Account, as well as such other custodial functions that are customarily performed with respect to

securities brokerage accounts. Pershing will also forward confirmations of each purchase and sale to Client and Portfolio Manager. Additionally, Client Account statements will be forwarded by Pershing to Client, BNYMSC, and, if requested by Portfolio Manager, to Portfolio Manager for each month in which activity occurs in a Program Account. Pershing will also act as general administrator of Program Accounts, and as such, pursuant to BNYMSC instructions, will process the charging and collection of Program Account fees, and process deposits to and withdrawals from Program Accounts.

### **Other Information Regarding the Program**

In the Program, we charge a Client an Advisory Fee that covers, except where otherwise described in this Brochure, various costs relating to the management of the Client's Account. Depending on the amount of activity in an Account, the fees for the Program may result in higher costs than a Client might otherwise incur by paying a sponsor's or adviser's standard fees and negotiating separate arrangements for trade execution, custodial and other services. Clients may wish to periodically reevaluate their participation in the Program to consider whether the total fees and expenses of the Program remain appropriate for their needs.

Representatives may recommend the Program to current or prospective Clients. All or a portion of the Advisory Fees charged by BNYMSC will be paid to certain Representatives for introducing Clients to the Program or for providing supplemental and other Client-related services. These payments will be made for the duration of each Client's participation in the Program. In addition, other Representatives who introduce clients to the Program and provide these other services may receive annual discretionary compensation based on a variety of factors, such as achievement of overall corporate/business unit and individual performance goals, including actual sales production. While this type of award is discretionary, it creates a financial incentive to make recommendations generally. The amount of compensation received by Representatives with respect to Clients who participate in the Program may be more than that received if such Clients participated in other investment advisory programs or paid separately for the investment advice, brokerage and other services provided as part of the Program. As a result, Representatives have a financial incentive to recommend the Program and have you remain invested.

A limited number of high-performing Representatives may also receive an annual, discretionary incentive award that is determined based on achievement of specific individual and team-based performance goals, including, but not limited to, full year sales production. This incentive award may be granted in the form of restricted stock or restricted stock units that vest over time. While this type of award is discretionary, it creates a financial incentive to make recommendations



generally. In addition, certain Representatives who serve in positions with supervisory responsibility over other Representatives may receive annual discretionary compensation based on a variety of factors, such as achievement of overall corporate/business unit and individual performance goals, including consideration of the performance of the Representatives they supervise. While this type of award is discretionary, it creates a financial incentive for the supervising Representative to encourage other Advisors to make recommendations generally since this can potentially increase the total compensation of the supervisor.

While the Representatives may have the financial incentives described above, it is our fiduciary duty (and the duty of our Representatives) to make recommendations about the Program that are in a Client's best interest. We maintain policies, procedures and supervisory controls designed to meet this duty to Clients.

## **Item 5. Account Requirements and Types of Clients**

### **Participation in the Program; Minimum Investments and Additional Deposits**

The minimum initial investment required to participate in the Mutual Fund Series is \$25,000, except that, with respect to Clients who select an Asset Allocation Plan that is limited to US equity Asset Classes only, the minimum initial investment is \$75,000. The minimum initial investment is \$100,000 to participate in the Customized Investment Series, \$300,000 to participate in the national portfolios of the Municipal Bond Series, and \$500,000 to participate in the state specific portfolios of the Municipal Bond Series. With respect to the Mutual Fund Series only, the Client initially may satisfy the required minimum asset level by making a deposit in the form of a check, wire transfer or electronic check (no cash or securities will be accepted). In addition, the Client may transfer in shares of any Fund that is included in the Series at that time. Such shares will be subject to conversion if they are of a share class not offered in the Series at that time. Investment of the Client's Account will commence only upon completion of all required share class conversions. No other securities will be accepted.

With respect to the Customized Investment Series and the Municipal Bond Series only, the Client initially may satisfy the Portfolio Manager's required minimum Separate Account size by making a deposit in the form of a check, wire transfer or electronic check (no cash will be accepted) and/or a deposit in the form of securities deemed acceptable to the Portfolio Manager (at the Portfolio Manager's sole discretion) that have a combined market value at the time of deposit equal to or greater than the required minimum asset level established by the Portfolio Manager.

In the event that market fluctuations or Client withdrawals cause the asset value of the Account to fall below the required minimum asset level, BNYMSC may (at its sole discretion) require that subsequent deposits be made by the Client to restore the asset value of the Account to the required minimum asset level. Similarly, in the event that market fluctuations or Client withdrawals cause a Separate Account asset value to fall below the required minimum Separate Account size, the Portfolio Manager may (at its sole discretion) require that subsequent deposits be made by the Client to restore the Separate Account asset value to the required minimum asset level. In either case, if the Client does not take appropriate action to satisfy the required minimum asset level after being requested to do so, then BNYMSC or the Portfolio Manager, as applicable, may terminate its agreement with the Client and close the Account, subject to the provisions described above under the **Termination** section of this Brochure.

After opening the Account, the Client may deposit additional money into the Account at any time, subject to a minimum amount of \$1,000 per deposit. For the Mutual Fund Series there is a \$1,000 trade minimum for subsequent deposits and a \$100 trade minimum for scheduled rebalances. BNYMSC will accept subsequent deposits for the Account only in the form of checks, bank wires and electronic checks. No cash will be accepted; however, with respect to the Customized Investment Series and the Municipal Bond Series only, the Client may deposit acceptable securities rather than cash if the Portfolio Manager expressly allows the Client to do so. BNYMSC will automatically invest at the end of each day any uninvested cash balance in the Account into the selected Sweep Fund. With respect to the Mutual Fund Series, if a subsequent deposit raises the total value of Account assets to a level that permits investment in a larger number of Funds per Asset Class, the Client may instruct BNYMSC to invest the assets into additional Funds in such Asset Class. In the absence of such instructions, BNYMSC will invest the additional assets in accordance with the Asset Allocation Plan without increasing the number of selected Funds. All subsequent deposits are subject to a \$1,000 trade minimum.

### **Types of Clients**

BNYMSC offers the Program to individuals and other clients (each a “Client,” or collectively, the “Clients”) that may include trusts, estates, charitable organizations, IRAs, corporations, partnerships or other business or governmental entities.

The Program will not accept as a Client a retirement or other employee benefit plan that is subject to ERISA, nor any other type of retirement account, except that the Mutual Fund Series may accept i) IRA Clients that are not subject to ERISA and ii) SEP IRA Clients. As noted in Item 4, the Customized Investment Series and Municipal Bond Series do not accept Client Accounts that

would be subject to ERISA or retirement Client Accounts of any type, including IRA Client Accounts.

Account assets will be invested without regard to potential tax consequences. BNYMSC does not provide any tax advice. Purchases and sales of securities may have tax consequences that the Client should discuss with an independent tax professional.

There can be no assurance that the Client's investment objectives can be achieved by this Program or by any other investment strategy.

Please also refer to the "*In General*" section in Item 4 of this Brochure.

## **Item 6. Portfolio Manager Selection and Evaluation**

### **Selection and Evaluation**

In selecting and evaluating Portfolio Managers (other than BNYMSC) to be offered through the Customized Investment Series and the Municipal Bond Series, BNYMSC utilizes various quantitative and/or qualitative measures, such as (but not limited to) centralized, formalized due diligence metrics and reviews, to identify a group of Portfolio Managers characterized by consistent management style and long-term returns for their relevant strategies.

Portfolio Managers may initially be classified into Asset Classes according to their investment objectives or guidelines, performance behavior, investment adviser style and actual portfolio holdings. Once assigned to Asset Classes, as applicable, the Portfolio Managers are evaluated on the basis of their overall returns, taking into consideration the level of risk experienced by each Portfolio Manager, the investment discipline of the Portfolio Manager, and the consistency of the Portfolio Manager's performance.

BNYMSC continually monitors and evaluates the performance of the Portfolio Managers offered through the Program. Based on this ongoing review and evaluation, BNYMSC may add to or remove from the Program any Asset Class or Portfolio Manager or change the Asset Class category of any Portfolio Manager in the Program. A Portfolio Manager also may decide to discontinue its participation in the Program.

BNYMSC may provide descriptive profiles of Portfolio Managers available in the Program that include past performance information. While BNYMSC believes that such information is accurate,

BNYMSC does not independently verify or guarantee such information. Please note that BNYMSC cannot assure you that any past performance information provided has been calculated on a uniform or consistent basis. The prior performance of a Portfolio Manager available in the Program may not be indicative of the Portfolio Manager's future results.

From time to time, the Client may instruct BNYMSC and/or Portfolio Manager (as applicable) to review the Client's asset allocation or Portfolio Manager selection for adjustments. One or more of the following factors may cause the Client to instruct BNYMSC and/or Portfolio Manager to review the Client's asset allocation: (i) a change in the Client's objectives as identified in discussion between the Client and a Representative and as disclosed in writing to BNYMSC through a revised Questionnaire, or (ii) a change in the Funds or Portfolio Managers that are available through the Program.

In performing services and developing recommendations for Clients, BNYMSC may utilize information provided by BNYM Investment Adviser as well as other third parties to, among other things, evaluate, monitor and assign Portfolio Managers to particular Asset Classes, and make decisions regarding which Portfolio Managers will be included in the Program. BNYMSC, of course, remains responsible to the Client for all Program services provided.

With respect to Portfolio Managers of Separate Accounts in which Clients may be invested through the Customized Investment Series and/or the Combined Series, BNYMSC's evaluation will include review of the efficacy of certain of the Portfolio Managers' trading practices, such as the application of their best execution or similar procedures.

With respect to the Delegated Subadvisers that BNYMSC may retain in its role as a Customized Investment Series Portfolio Manager, BNYMSC will perform the same selection and evaluation processes as described above. With respect to BNYMSC's own participation as a Customized Investment Series Portfolio Manager, BNYMSC is not subject to this selection and ongoing evaluation process; however, BNYMSC has implemented a series of policies, procedures and supervisory controls to provide oversight of its investment and business activities, including to ensure that in its role as Portfolio Manager, BNYMSC provides Clients with investment advisory services that are consistent with its duties as a registered investment adviser.

**BNYMSC and Affiliates as Portfolio Managers/Delegated Subadvisers**

We may serve as a Portfolio Manager in the Customized Investment Series and, in that capacity, retain Delegated Subadvisers. We may also utilize our affiliates as Portfolio Managers in the

Program. Such arrangements create conflicts of interest because we have an incentive to direct Clients to Program Accounts for which we or our affiliate is the Portfolio Manager or Delegated Subadviser in order to generate additional fees for us or our affiliates rather than on the basis of expertise, performance or the Client's needs. We address this conflict for affiliated Portfolio Managers and Delegated Subadvisers by utilizing the same selection and ongoing evaluation processes for affiliates as for non-affiliates described above in **Selection and Evaluation** and by monitoring Client Accounts in the same manner, regardless of whether the Portfolio Manager or Delegated Subadviser is an affiliate. We address this conflict when BNYMSC is the Portfolio Manager by following the policies, procedures and supervisory controls described above in **Selection and Evaluation**.

Our affiliated Portfolio Managers and Delegated Subadvisers may have an incentive to favor other accounts they manage directly by, for example, directing their best investment ideas to those accounts or allocating, aggregating or sequencing trades in favor of such accounts, to the disadvantage of our client accounts. They also may have an incentive to dedicate more time and attention to their direct client accounts and to give them better execution and brokerage commissions than our client accounts. They address these conflicts by establishing policies and procedures to treat all of their clients (including our clients) fairly. Before selecting an affiliate as a Portfolio Manager or Delegated Subadviser, we evaluate the adequacy of our affiliate's policies, procedures and internal controls. We also monitor our affiliate's compliance with those policies and procedures on an ongoing basis.

Currently, Insight acts as Portfolio Manager of the Municipal Bond Series. Insight also manages certain BNY Mellon Funds and is subject to investment, operational and compliance oversight by our direct parent, BNYM Investment Adviser. Similarly, our affiliate Newton currently acts as a Delegated Subadviser to BNYMSC in connection with BNYMSC's role as a Customized Investment Series Portfolio Manager. Newton and its affiliated companies also manage certain BNY Mellon Funds and are likewise subject to investment, operational and compliance oversight by BNYM Investment Adviser.

### **Advisory Business**

In addition to the investment advisory services provided by BNYMSC in connection with the Program, which are described in this Brochure, BNYMSC provides other investment advisory services, including, but not limited to, sub-advising separate account portfolios or providing model portfolios in wrap programs sponsored by banks, broker-dealers and other financial institutions.

Please consult our Form ADV Part 2A (“Firm Brochure”) for more information about the investment advisory and other services that BNYMSC provides outside of the Program.

**Performance-Based Fees and Side-By-Side Management**

We do not enter into performance-based fee arrangements with any of our clients, including Clients of the Customized Investment Series where we act as a Portfolio Manager and retain Delegated Subadvisers. However, our Delegated Subadvisers may enter into performance-based fee arrangements with their own clients. For more information about such arrangements, including how the performance fees are calculated, please see the applicable Delegated Subadviser’s Firm Brochure, available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

“Side-by-side management” refers to the simultaneous management of multiple types of client accounts/investment products. For example, we or our Delegated Subadvisers may simultaneously manage separate accounts, managed accounts and pooled investment vehicles for our respective clients. Our respective 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 us, our employees and our supervised persons. Below we discuss the conflicts that we and our employees and supervised persons face when engaging in side-by-side management and how we deal with them. Note that certain of our affiliated Delegated Subadvisers’ employees are also officers of one or more BNY Mellon affiliates (“dual officers”). These dual officers undertake administrative or investment management duties for the affiliates of which they are officers. When our affiliates concurrently manage client accounts/ investment products, and particularly when dual officers are involved, this presents the same conflicts as described below.

To address these conflicts of interest, we manage our accounts consistent with applicable law, and we and our Delegated Subadvisers follow procedures that are reasonably designed to treat our clients fairly and to prevent any client or group of clients from being systematically favored or disadvantaged. For example, we and our Delegated Subadvisers have trading policies and procedures, such as trade allocation and best execution procedures, which are designed and implemented to help ensure that all clients are treated fairly and equally, and to prevent these conflicts from influencing the allocation of investment opportunities between and among clients.

Please see Item 12 of our Delegated Subadvisers’ Firm Brochures for more information.

**Conflicts of Interest Relating to Accounts with Different Strategies**

We and our Delegated Subadvisers manage numerous accounts with a variety of strategies, which presents 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.

**Conflicts of Interest Relating to the Management of Multiple Client Accounts**

We and our affiliates perform investment advisory services for various clients. In many instances, we give advice and take action in the performance of our duties with respect to certain of our clients which differs from the advice given, or the timing or nature of action taken, with respect to other clients. We have no obligation to purchase or sell for a client any security or other property which we purchase or sell for our own account or for the account of any other client if it is undesirable or impracticable to take such action.

**Conflicts of Interest Relating to Investment in Affiliated Accounts**

To the extent permissible under applicable law, we invest some or all of our corporate temporary investments in money market accounts advised or managed by a BNY Mellon affiliate. We have an incentive to allocate our own investments to these types of affiliated accounts in order to generate additional fees for us or our affiliates.

**Conflicts of Interest Relating to “Proprietary Accounts”**

We, our Delegated Subadvisers, and our existing and future employees from time to time manage and/or invest in products managed by BNYMSC and its affiliates (“Proprietary Accounts”). Investment by BNYMSC, our affiliates, or our employees in Proprietary Accounts creates conflicts of interest. We have an incentive to favor these Proprietary Accounts by, for example, directing our best investment ideas to these accounts or allocating, aggregating or sequencing trades in favor of such accounts, to the disadvantage of other accounts. We also have an incentive to dedicate more time and attention to our Proprietary Accounts and to give them better execution and brokerage commissions than our other client accounts.

**Other Conflicts of Interest**

As noted previously, we and our affiliates manage numerous accounts with a variety of interests. This necessarily creates conflicts of interest for us. For example, we or an affiliate may cause multiple accounts to invest in the same investment. Such accounts could 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 also arise in cases where multiple BNYMSC and/or affiliate client accounts are invested in different parts of an issuer's capital structure. For example, one of our client accounts could acquire debt obligations of a company while an affiliate's client account acquires an equity investment. In negotiating the terms and conditions of any such investments, we could conclude that the interests of the debt-holding client accounts and the equity holding client accounts conflict. If that issuer encounters financial problems, decisions over the terms of any workout could raise conflicts of interest (including, for example, conflicts over proposed waivers and amendments to debt covenants). For example, debt holding accounts may be better served by a liquidation of an issuer in which it could be paid in full, whereas equity holding accounts might prefer a reorganization of the issuer that would have the potential to retain value for the equity holders. As another example, holders of an issuer's senior securities could potentially direct cash flows away from junior security holders, and both the junior and senior security holders could be client accounts of one or more of our affiliates.

**It is important to note that when we act as your broker-dealer, we are not held to the same legal standards that apply when we are providing investment advisory services.**

**Methods of Analysis, Investment Strategies and Risk of Loss**

Each investment strategy offered in the Program invests in a variety of securities and employs a number of investment techniques that involve certain risks. Investing in securities involves risk of loss that you should be prepared to bear.

With respect to the Funds offered in the Mutual Fund Series, the applicable investment strategies and processes and associated risks are described in each Fund's Prospectus and/or Statement of Additional Information, which are available at [www.bnymellonim.com/us](http://www.bnymellonim.com/us) (for BNY Mellon Funds) or by calling our Service Desk at 1-800-843-5466 (for both BNY Mellon Funds and Third-Party Funds).

With respect to the Separate Account strategies (including those for which BNYMSC acts as Portfolio Manager) offered in the Customized Investment Series and Municipal Bond Series, the applicable investment strategies and processes and generally associated risks are described in Item 8 of each Portfolio Manager's or Delegated Subadviser's Firm Brochure, available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Please also refer to Item 4 of this Brochure for more detailed information concerning the Separate Account strategies we offer.



As indicated in Item 4: i) the Municipal Bond Series strategy we offer corresponds (within the limitations described in Item 4) to the Municipal Bond Fixed Income strategy described in Insight’s Firm Brochure; ii) the Sarofim equity strategy we offer in the Customized Investment Series corresponds to the Large Capitalization Equity Product described in Sarofim’s Firm Brochure; and iii) the Newton strategy we offer in the Customized Investment Series corresponds to the Global Equity Income strategy described in Newton’s Firm Brochure.

In addition, the table below sets forth information concerning the material risks involved with each Separate Account 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 Separate Account strategies we offer. Please also refer to Appendix A of this Brochure for further descriptions of these material risks.

	<b>Municipal Bond Series</b>	<b>Customized Investment Series</b>	<b>Customized Investment Series</b>
<b>Risk Type</b>	<b>Insight Municipal Bond Fixed Income Strategy</b>	<b>Newton Global Equity Income ADR Strategy</b>	<b>Sarofim Large Cap Equity Strategy</b>
ADR / GDR Risk		X	X
Allocation Risk	X	X	X
Banking Industry Risk		X	X
Call Risk	X		
Clearance and Settlement Risk		X	X
Concentration Risk	X	X	X
Counterparty Risk	X	X	
Country, Industry and Market Sector Risk		X	X
Credit Risk	X		
Cybersecurity Risk	X	X	X
Disease/Epidemics Risk		X	X

**BNY Mellon**  
**Securities Corporation**  
**Form ADV Part 2A, Appendix 1**  
**BNY Mellon Managed Asset Program**

**March 30, 2024**

	<b>Municipal Bond Series</b>	<b>Customized Investment Series</b>	<b>Customized Investment Series</b>
<b>Risk Type</b>	<b>Insight Municipal Bond Fixed Income Strategy</b>	<b>Newton Global Equity Income ADR Strategy</b>	<b>Sarofim Large Cap Equity Strategy</b>
Emerging Market Risk		X	
Equity Securities Risk		X	X
ESG Investment Risk		X	
ETF Risk		X	X
Foreign Currency Risk		X	X
Foreign Investment Risk		X	X
General Risks	X	X	X
Growth and Value Stock Risk		X	
Healthcare Sector Risk		X	X
Inflation Risk			X
Interest Rate Risk	X		
Investment Strategy Risk		X	X
Issuer Risk	X	X	X
Large Cap Stock Risk		X	X
Liquidity Risk	X	X	
Market Risk	X	X	X
Municipal Lease Risk	X		
Municipal Securities Risk	X		
Non-Diversification Risk	X	X	X
Portfolio Turnover Risk		X	X
Preferred Stock Risk		X	
Pre-Payment and Extension Risk	X		
Real Estate Sector Risk		X	X
Small and Midsize Company Risk		X	
State-Specific Risk	X		
Stock Investing Risk		X	X
Stock Selection Risk		X	X
Style Risk	X	X	X

	<b>Municipal Bond Series</b>	<b>Customized Investment Series</b>	<b>Customized Investment Series</b>
<b>Risk Type</b>	<b>Insight Municipal Bond Fixed Income Strategy</b>	<b>Newton Global Equity Income ADR Strategy</b>	<b>Sarofim Large Cap Equity Strategy</b>
Systemic Risk	X	X	X
Tax Risk	X		
Technology Company Risk		X	X
Value Stock Risk			X

## **Item 7. Client Information Provided to Portfolio Managers**

Representatives obtain certain Client personal and financial information that is either required or necessary to communicate to a Portfolio Manager. This may include the Client profile information including Client name, address, date of birth, and other profile data that is obtained upon Account opening. Also, Client suitability and risk tolerance information will be obtained upon Account opening and made available to the applicable Portfolio Managers at that time. Any portfolio investment restrictions specified by the Client on the Questionnaire or Investment Guidelines are also communicated to the applicable Portfolio Managers upon Account opening, as well as Client's Account holdings and balances. As updates to a Client's profile information, suitability, risk tolerance or portfolio investment restrictions are made on BNYMSC's records, such updates will similarly be transmitted to the applicable Portfolio Managers accordingly. All Account holding and balance information is made available to the relevant Portfolio Managers daily.

## **Item 8. Client Contact with Portfolio Managers**

Representatives are readily available to Clients on an ongoing basis. Representatives will either coordinate Client contact or consult directly with the applicable Portfolio Manager.

## **Item 9. Additional Information**

### **Disciplinary Information**

From time to time, we and/or BNY Mellon may be involved in regulatory examinations or litigation that may arise in the ordinary course of our business. At this time, we are not aware of

any legal or disciplinary events that we believe would be material to an evaluation of our advisory business or the integrity of our management.

**Other Financial Industry Activities and Affiliations**

BNYMSC is registered with the SEC as both an investment adviser and broker-dealer; is a member of FINRA; and is registered with the NFA as an introducing broker.

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

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

We enter into transactions with unaffiliated counterparties or third-party service providers who can be using affiliates of ours to execute such transactions. Additionally, when we effect transactions in American Depositary Receipts ("ADRs") or other securities, the involved issuers or their service providers could be using affiliates for support services. Services provided by our affiliates to such unaffiliated counterparties, third party service providers and/or issuers include, for example, clearance of trades, purchases or sales of securities, serving as depositary bank to issuers of ADRs, providing foreign exchange services in connection with dividends and other distributions from foreign issuers to owners of ADRs, or other transactions not contemplated by us. Although one of our affiliates receives compensation for engaging in these transactions and/or providing services, the decision to use or not use an affiliate of ours is made by the unaffiliated counterparty, third party service provider or issuer. Further, we will likely be unaware that the affiliate is being used to enter into such transaction or service.

BNY Mellon and/or its other affiliates may gather data from BNYMSC about our investment activities, including information about holdings within client portfolios, which is required for regulatory filings to be made by BNYMSC 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 BNYMSC, BNY Mellon or other affiliates. This data is deemed confidential, and procedures are followed to help 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 us, are subject to (1) certain U.S. banking laws, including the Bank Holding Company Act of 1956, as amended (the "BHCA"), (2) regulation and supervision by the Board of Governors of the Federal Reserve System (the "Federal Reserve") and (3) the provisions of, and regulations under, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). The BHCA, the Dodd-Frank Act, other applicable banking laws and the regulatory agencies, including the Federal Reserve, which interpret and administer these laws may restrict (1) the transactions and relationships among BNY Mellon, its affiliates (including us) and our clients and (2) our investments, transactions and operations. For example, the BHCA regulations applicable to BNY Mellon and us may 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 we invest. 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 us) 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 clients' investment portfolios. For example, depending on the percentage of a company that we 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 or (2) require us to sell certain client holdings of that company when it may be undesirable to take such action. Additionally, in the future BNY Mellon may, in its sole discretion and without notice, engage in activities affecting us in order to comply with the BHCA, the Dodd-Frank Act or other legal requirements applicable to (or reduce or eliminate the impact or applicability of any bank regulatory or other restrictions on) us and accounts that we and our affiliates manage.

**The Volcker Rule**

The Dodd-Frank Act includes provisions that have become known as the "Volcker Rule," which restrict bank holding companies, such as BNY Mellon and its subsidiaries (including us) from (i) sponsoring or investing in a private equity fund, hedge fund or otherwise "covered fund", with the exception, in some instances, of maintaining a de minimis investment, subject to certain other

conditions and/or exceptions, (ii) engaging in proprietary trading, and (iii) entering into certain transactions involving with affiliated covered funds.

The Volcker Rule generally prohibits certain transactions involving an extension of credit or other type of transaction as set forth in applicable regulations between BNY Mellon and its affiliates, on the one hand, and “covered funds” managed or sponsored by BNY Mellon and/or its affiliates (including us), on the other hand. BNY Mellon affiliates provide securities clearance and settlement services to broker-dealers on a global basis. The operational mechanics of the securities clearance and settlement process can result in an incidental or unintended intraday extension of credit between the securities clearance firm and a “covered fund.” As a result, we may be restricted from using a BNY Mellon affiliate as custodian or in other capacities for covered funds as well as be restricted in executing transactions for certain funds through broker-dealers that utilize a BNY Mellon affiliate as their securities clearance firm. Such restrictions could limit the covered fund’s selection of service providers and prevent us from executing transactions through broker-dealers we would otherwise use in fulfilling our duty to seek best execution. The Volcker Rule was amended in 2020 to include exemptions that permit a broader range of transactions between BNY Mellon and its affiliates and relevant covered funds. BNY Mellon intends to rely on such exemptions to the extent it deems appropriate.

#### **Affiliated Custodian**

Our affiliate, Pershing LLC, provides execution and custodial services to certain of our clients in the Program. Clients in the Program do not pay additional fees for custodial services. In addition, other of our clients may select other affiliates, including BNY Mellon, to provide custodial services. Those clients may pay additional fees to BNY Mellon or other affiliates for those services.

#### **Other Relationships**

In addition, BNY Mellon personnel, including certain BNYMSC employees, may have board, advisory or other relationships with affiliated and unaffiliated issuers, distributors, consultants and others. To the extent permitted by applicable law, BNY Mellon and its affiliates, including BNYMSC and our personnel, may make charitable contributions to institutions, including those that have relationships with investors or personnel of investors.

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.

BNY Mellon, among several other leading investment management firms, has a minority equity interest in Kezar Markets, LLC (f/k/a Titan Parent Company, LLC), which owns Kezar Trading, LLC (f/k/a Luminex Trading and Analytics LLC) (“Kezar”), a registered broker-dealer under the Exchange Act that operates two alternative trading systems for securities (the “Alternative Trading Systems”). Transactions for clients for which we serve as adviser or sub-adviser may be executed through the Alternative Trading Systems. We and BNY Mellon disclaim that either is an affiliate of Kezar.

**Affiliated Broker-Dealers and Investment Advisers**

BNYMSC is affiliated with a significant number of advisers and broker/dealers. Please see our Form ADV, Part IA - Schedule D, Section 7.A for a list of our affiliated advisers and broker-dealers. Several of our investment adviser affiliates have, collectively, a significant number of investment-related private funds for which a related person serves as sponsor, general partner or managing member (or equivalent), respectively. Please refer to the Form ADV, Part IA – Schedule D, Section 7.B for each of our affiliated investment advisers for information regarding such firms’ private funds (if applicable) and such firms’ Form ADV, Part IA – Schedule D, Section 7.A for information regarding related persons that serve in a sponsor, general partner or managing member capacity (if applicable).

Except with respect our affiliate, Pershing LLC, who provides certain execution, clearing and custodial services as described above with respect to the Program, we limit our selection of brokers for effecting purchases or sales of securities for client accounts to unaffiliated brokers only.

BNYMSC has broker selection policies in place that require our selection of a broker-dealer to be consistent with our duties of best execution, and subject to any client and regulatory proscriptions. Please also refer to Item 12 of the relevant Portfolio Manager’s or Delegated Subadviser’s Brochure (including, when BNYMSC is acting as Portfolio Manager, BNYMSC’s Brochure) for more information.

BNYMSC may be prohibited or limited from effecting transactions for you because of rules in the marketplace, foreign laws or our own policies and procedures. In certain cases, we may face further



limitations because of aggregation issues due to our relationship with affiliated investment management firms. Please also refer to Item 12 of the relevant Portfolio Manager's or Delegated Subadviser's Brochure (including, when BNYMSC is acting as Portfolio Manager, BNYMSC's Brochure) for a discussion of trade aggregation issues.

**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 us, such as recordkeeping, accounting, marketing services, and/or referrals of clients. We may provide the affiliated banking institutions with sales and marketing materials regarding our investment management services that may be distributed under the name of certain marketing "umbrella designations" such as BNY Mellon, BNY Mellon Wealth Management, BNY Mellon Investment Management and BNY Mellon EMEA.

Certain clients may have established custodial or sub-custodial arrangements with the Bank and other financial institutions that are affiliated with us. Furthermore, the Bank and other financial institutions that are affiliated with us may provide services (such as trustee, custodial or administrative services) to issuers of securities. Because of their affiliation with us, our 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 Business Activities of BNYMSC and its Affiliates**

As a BNY Mellon company, BNYMSC may, from time to time, use the research staff, products, services and libraries of its affiliates and may consult with their portfolio managers. BNYMSC's affiliates are engaged in a broad range of financial services activities in the United States and abroad, and include banks, trust companies, broker-dealers, investment advisers, stock transfer agents, commodity pool operators and commodity trading advisers, municipal securities dealers and pension consultants, among other businesses. Certain of BNYMSC's affiliates serve as investment advisers of and provide other services to mutual funds and other investment companies, including the BNY Mellon Funds. Certain of these BNY Mellon Funds are used as Sweep Funds in the Program. BNYMSC's arrangements with these funds and their service providers are material to BNYMSC's business as an investment adviser. In addition, from time to time, BNYMSC and certain of its affiliates may refer investment advisory clients or other business to each other, as permitted by applicable law and rules, and these arrangements may become material to BNYMSC's investment advisory business.



The Client should be aware that BNYMSC and its affiliated entities maintain various types of financial and other relationships with financial or other institutions, entities and persons.

BNYMSC, and BNYMSC-affiliated Portfolio Managers, are available to the Client through the Program and may be recommended to the Client by Representatives in connection with the implementation of an Asset Allocation Plan and/or in connection with Separate Account recommendations. BNYMSC or an affiliate will receive fees for the services they provide to the BNYMSC-affiliated Separate Accounts. BNYMSC or its affiliates also may provide services to and receive fees from third party Portfolio Managers that participate in the Program. Services provided by BNYMSC and its affiliates for the BNYMSC affiliated Separate Accounts include investment advice, administration, distribution and transfer agency services. For example, BNYMSC uses only money market funds that are managed, administered or distributed by its affiliates as Sweep Funds. The compensation paid to BNYMSC or an affiliate for these services is described in general terms in the Sweep Fund's prospectus and statement of additional information. If the Client's participation in the Program is terminated, but the Client still maintains a brokerage account with BNYMSC, the particular Sweep Fund(s) utilized by the Client through the Program may no longer be available to the Client or the shares held by the Client in specially created series of such Sweep Funds may be converted into shares of another series of those Funds. The Client will bear his, her or its proportionate share of fees applicable to such other series, which may be higher than the fees that apply to the series available through the Program.

Services provided by BNYMSC, BNY Mellon Investment Adviser and their affiliates for the BNY Mellon Funds include investment advice, administration, distribution and transfer agency services. Although it is not possible to determine accurately the amount of time that BNYMSC devotes to any one of the wide range of financial activities in which it is engaged, BNYMSC's principal business is the sale of mutual funds advised by its affiliates.

BNYMSC and its Representatives also may buy or sell for themselves securities that they recommend to the Client for purchase and sale. They also may give advice and take action in the performance of their duties for the Client that differ from advice given, or the timing and nature of action taken, with respect to other Clients or for themselves. Personal trading by BNYMSC employees must be conducted in compliance with all applicable laws and the Confidential Information and Personal Securities Trading Policy that governs BNY Mellon and its subsidiaries, including BNYMSC.

Representatives may recommend the Program to current or prospective Clients. All or a portion of the Advisory Fees charged by BNYMSC may be paid to Representatives for introducing Clients

to the Program or for providing supplemental and other Client-related services. These payments may be made for the duration of each Client's participation in the Program. The amount of compensation received by Representatives with respect to the Clients who participate in the Program may be more than that received if the Clients participated in other investment advisory programs or paid separately for the investment advice, brokerage and other services provided as part of the Program. As a result, Representatives have a financial incentive to recommend the Program and to have you remain invested.

Clients participating in the Program may have brokerage or other investment advisory accounts with BNYMSC or its affiliates, and may pay commissions, sales charges or other fees to BNYMSC or its affiliates for services provided to these other accounts. Where permitted by applicable laws and rules, BNYMSC or an affiliate may engage in principal trades or agency cross transactions with Clients for accounts that are not part of the Program; however, it is BNYMSC's current policy not to engage in principal transactions or agency cross transactions.

BNYMSC may from time to time enter into solicitation agreements under which it receives cash compensation for referring Clients to other investment advisers, including one or more of its affiliates, or arrangements with other investment advisers whereby BNYMSC agrees to provide certain services to clients of the investment adviser, in exchange for a portion of the investment advisory fee paid to the investment advisers by these clients. These arrangements will be conducted in accordance with the applicable rules under the Advisers Act.

BNYMSC or its affiliates may from time to time enter into joint marketing activities with investment managers or sponsors of Funds that participate in the Program. These managers or sponsors may pay a portion, or all, of the cost of the activities, including reimbursement to BNYMSC or its affiliates for out-of-pocket expenses or may pay fees to BNYMSC based on Client assets held in the Program.

BNYMSC has a business relationship with Sarofim pursuant to which we may be retained and compensated by Sarofim to: (i) provide administrative and support services in connection with third party wrap programs where Sarofim directly contracts with the third-party wrap program sponsors to provide investment advisory services and (ii) solicit potential wrap program sponsors to offer the strategies and/or models of Sarofim as part of these wrap programs. These arrangements, in turn, create a potential conflict because to the extent we are successful in soliciting a wrap program sponsor to offer Sarofim's strategies and/or models, then we will not only receive a solicitation fee, but will also be compensated for providing the resulting administrative services.

**Code of Ethics, Participation or Interest in Client Transactions, Personal Trading**

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

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

The BNY Mellon Code of Conduct sets expectations for business conduct for employees and provides guidance on important legal and ethical issues. In addition, it clarifies the Firm’s responsibilities to clients, suppliers, government officials, competitors and the communities we serve. BNY Mellon’s Code of Conduct covers the following key principles:

1. Respecting Others: We are committed to fostering an inclusive workplace where talented people want to stay and develop their careers. Supporting a diverse, engaged workforce allows us to be successful in building trust, empowering teams, serving our clients and outperforming our peers. We give equal employment opportunity to all individuals in compliance with legal requirements and because it’s the right thing to do.
2. Avoiding Conflicts: We make our business decisions free from conflicting outside influences. Our business decisions are based on our duty to BNY Mellon and our clients and are not driven by any personal interest or gain. We are to remain alert to any and all potential conflicts of interest and ensure that we identify, mitigate or eliminate any such conflicts.
3. Conducting Business: We secure business based on honest competition in the marketplace. This contributes to the success of our company, our clients and our shareholders. We compete in full compliance with all applicable laws and regulations. We support worldwide efforts to combat financial corruption and financial crime.
4. Working with Governments: We follow all requirements that apply to doing business with governments. We recognize that practices for dealing with private and government clients are different from a legal perspective.
5. Protecting Company Assets: We ensure all entries made in the company’s books and records are complete and accurate and comply with established accounting and record-keeping procedures. We maintain confidentiality of all forms of data and information

entrusted to us and prevent the misuse of information belonging to the company or any client.

6. Supporting Our Communities: We take an active part in our communities around the world, both as individuals and as a company. Our long-term success is linked to the strength of the global economy and the strength of our industry. We are honest, fair and transparent in our interactions with our communities and the public at large.

As a global financial institution, BNY Mellon and its subsidiaries (the “Firm”) are subject to certain laws and/or regulations governing the personal trading of securities. In order to ensure that all employees’ personal investments are conducted in compliance with the applicable rules and regulations and are free from conflicts of interest, the Company has established limitations on personal trading, as reflected in the PTSP.

The PSTP sets forth procedures and limitations that govern the personal securities transactions of our employees in accounts held in their own names as well as accounts in which they have indirect ownership. We, and our related persons and employees, may, under certain circumstances and consistent with the PSTP, purchase or sell for their own accounts securities that we also recommend to clients.

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

1. Investment/Public Employee (“IE”): IE is an employee who, in the normal conduct of his/her job responsibilities, is on the “public side” of the Information Barrier in accordance with BNY Mellon’s Information Barrier Policy and has access (or is likely to be perceived to 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 Fund (defined as a fund sponsored, managed or subadvised by BNY Mellon or any of its affiliates), is involved in making securities recommendations to advisory clients, or has access to such recommendations before they are public.
2. Access Decision Maker (“ADM”): Generally, employees are considered to be ADM Employees if they are portfolio managers or research analysts and make or participate in recommendations or decisions regarding the purchase or sale of securities for mutual funds or managed accounts. Portfolio managers of broad-based index funds and traders are not typically classified as ADM Employees.

3. Insider Risk Employee (“IR”): IR is an employee who in the normal course of business are likely to receive material non-public information regarding issuer clients. These employees are on the “private side” of the Information Barrier in accordance with BNY Mellon’s Information Barrier Policy.
4. Non-Classified Employee: Our employees are considered non-classified if they are not an IE, IR or ADM.

PSTP Overview:

1. IE, ADM, and IR employees 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 ETFs and 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 PTA System 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. For IE, ADM, and IR employees, with respect to non-BNY Mellon securities, purchasing and selling, or selling and purchasing the same or equivalent security within 30 calendar days is prohibited, 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.

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

### **Interest in Client Transactions**

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

*Clients should also review the Firm Brochure of the relevant Portfolio Manager or Delegated Subadviser which will contain additional information about that firm's investment advisory services.*

### **Principal Transactions**

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

### **Cross Transactions**

We do not engage in cross transactions.

### **Transactions in Same Securities**

We or our affiliates may invest in the same securities that we or our affiliates recommend to clients. When we or an affiliate currently holds for our own benefit the same securities as a client, we have a conflict of interest. For example, we or our affiliate could be seen as harming the performance

of the client's account for our own benefit if we short sell the securities in our own account while holding the same securities long in the client account, causing the market value of the securities to move lower.

**Interests in Recommended Securities/Products**

We or our affiliates may recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that we or one of our affiliates buys or sells the same securities for our (or the affiliate's) own account. This practice gives rise to a variety of conflicts of interest, particularly with respect to aggregating, allocating and sequencing securities being purchased on both our (or our affiliate's) behalf and our clients' behalf. For example, we have an incentive to cause a client or clients to participate in an offering because we desire to participate in the offering on our own behalf and would otherwise be unable to meet the minimum purchase requirements. Likewise, we have an incentive to cause our clients to participate in an offering to increase our overall allocation of securities in that offering, or to increase our ability to participate in future offerings by the same underwriter or issuer. On the other hand, we have an incentive to cause our clients to minimize their participation in an offering that has limited availability so that we do not have to share a proportionately greater amount of the offering to the client. Allocations of aggregated trades likewise raise a conflict of interest as we have an incentive to allocate securities that are expected to increase in value to ourselves. Further, a conflict of interest could arise if a transaction in our own account closely precedes a transaction in related securities in a client account, such as when a subsequent purchase by a client account increases the value of securities that were previously purchased for ourselves. Please also refer to Item 12 of the relevant Portfolio Manager's or Delegated Subadviser's Brochure (including, when BNYMSC is acting as Portfolio Manager, BNYMSC's Brochure) for information about their brokerage and allocation policies and procedures.

We or a related person may recommend the purchase of securities in certain private funds which BNYM Investment Adviser or our affiliates manage and/or for which BNYM Investment Adviser or our affiliate may serve as a partner, sole director or managing member or collective investment funds maintained by the Bank (which are managed by personnel of BNYM Investment Adviser or one of our affiliates in their roles as dual officers of the Bank and for which BNYM Investment Adviser or our affiliate, as applicable, receive a fee and the Bank may receive a custodial fee for custody services). BNY Mellon, or certain of its employees, or related persons, may currently invest in certain private funds or collective funds that also include client assets managed by BNY Mellon, BNYM Investment Adviser, or their affiliates, and they and such related persons will receive proportional returns associated with such investment. Additionally, our affiliates, as



applicable, may receive an investment management fee in their 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**

We and our existing and future employees, our board members, and our affiliates and their employees from time to time invest in products managed by us. We have developed policies and procedures to address any conflicts of interest created by such investment. We are 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 we also recommend to clients. We do 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” with regard to purchases of securities in an offering where an affiliate acts as underwriter or a member of the underwriting syndicate.

**Agency Transactions Involving Affiliated Brokers**

Neither we nor any of our officers or directors, acting as broker or agent, effect securities transactions for compensation for any client. We are part of a large diversified financial organization that includes broker-dealers. As a result, it is possible that a related person, other than our officers and directors, may, as agent, effect securities transactions for our clients for compensation. Please also see Schedule D, Section 7A of our Form ADV Part 1 for a list of broker-dealers which are our affiliates.

**Review of Accounts**

Client Accounts and Asset Allocation Plans are reviewed regularly by the Manager of Trading and Service and the Director of Sales. Reviews are triggered by contributions to or withdrawals from the Accounts. In addition, quantitative reviews are conducted regularly to determine if asset allocation changes are needed. Also, reviews of each proposed new Client’s investment objectives are conducted, and a determination is made of whether our investment strategy as selected by the Client could reasonably be expected to meet such Client’s objectives. We also monitor client investments at daily, quarterly and/or annual intervals, which frequency will vary based on the strategy you have chosen (i.e., Mutual Fund Series, Customized Investment Series or Municipal Bond Series).

Representatives also review asset allocations and holdings on a periodic basis. Reviews of Client Accounts are also performed in connection with periodic rebalancing that is executed in accordance with a Client's Asset Allocation Plan, where applicable. We review all proposed Accounts to determine whether the financial information of the Client and the investment objectives reflected by the Client are reasonable for equity, balanced or fixed income account management. We consider the Client's age and net worth, the portion of Client's investment portfolio proposed to be managed, and the Client's stated objectives, risk tolerance and restrictions. Our Compliance Officers also ensure that our Delegated Subadvisors are authorized to do business in the jurisdiction where the Client resides.

*Clients should review the Firm Brochure of any firms acting as Portfolio Manager or Delegated Subadviser, which will contain additional information about those firms' policies concerning the Review of Accounts. In cases where BNYMSC, rather than a Delegated Subadviser, is the Portfolio Manager, BNYMSC's Firm Brochure will contain the relevant information concerning the Review of Accounts.*

#### **Nature and Frequency of Reports**

Except with respect to the Municipal Bond Series, on a quarterly basis the Client will receive a written Quarterly Performance Report ("QPR"), which includes the deduction of any Advisory Fees, and provides a description and analysis of the composition and performance of the Account's portfolio. Shares of each Fund in the Mutual Fund Series will be valued at their respective net asset values as reported by the applicable Fund on the last business day of each calendar quarter. The valuation of securities held in a Separate Account will be conducted by Pershing as custodian, utilizing independent pricing services where available, and reported on the Client's QPR. The QPR will contain historical information and may not be relied on as predictive of future performance.

All Program Clients will receive written confirmations of all transactions made for the Account as required by law. Clients will also receive a periodic, written statement of Account activity no less than quarterly and monthly should investment activity occur during a particular month.

#### **Client Referrals and Other Compensation**

Our ultimate parent, BNY Mellon, has organized its lines of business into three groups: Investment Management, Wealth 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 particular, members of this sales force: (i) acting as representatives of BNYMSC in our capacity as investment adviser, solicit prospective clients with respect to the institutional separate account products and strategies of our affiliates, including a Portfolio Manager or Delegated Subadviser and (ii) acting as registered representatives of BNYMSC in our capacity as broker-dealer, sell alternative investment products (such as private funds) managed by our affiliates, including products managed by a Portfolio Manager or Delegated Subadviser. We receive compensation from these affiliates in connection with successful referrals or sales, respectively, typically as a percentage of the revenue received by the manager attributable to the client. We, in turn, compensate these salespeople from the compensation we receive.

These arrangements create a conflict of interest for us in recommending an affiliated Portfolio Manager or Delegated Subadviser because we have a financial incentive to do business with these affiliates generally. We address this conflict by disclosing it to you and through oversight of the Portfolio Managers and Delegated Subadviser.

However, we do not currently compensate any affiliates or third parties for referring clients to us, nor do we direct securities transactions to any broker-dealer in exchange for referral of investment management clients.

### **Voting Client Securities**

With respect to client accounts for which we have investment discretion or are otherwise contractually required, we exercise the voting rights delegated to us by clients. Voting rights are most commonly exercised by casting votes by proxy at shareholder meetings on matters that have been submitted to shareholders for approval. Consistent with applicable rules under the Advisers Act, we have adopted and implemented written proxy voting policies and procedures (the “Proxy Policies”) that are reasonably designed: (1) to vote proxies, consistent with our fiduciary obligations, in the best interests of clients; and (2) to prevent conflicts of interest from influencing proxy voting decisions made on behalf of clients. We provide these proxy voting services as part of our investment management service to client accounts and do not separately charge a fee for this service.

If presented with a proxy voting opportunity, we will seek to make voting decisions that are in the best interest of the client and have adopted detailed, pre-determined, written proxy voting guidelines for specific types of proposals and matters commonly submitted to shareholders by U.S. and non-U.S. companies (collectively, the “Voting Guidelines”). These Voting Guidelines are designed to assist with voting decisions which over time seek to maximize the economic value of the securities of companies held in client accounts (viewed collectively and not individually) as determined in our discretion. We believe that this approach is consistent with our fiduciary obligations and with the published positions of applicable regulators with an interest in such matters (e.g., the U.S. Securities and Exchange Commission and the U.S. Department of Labor).

Clients who have granted us voting authority are not permitted to direct us on how to vote in a particular solicitation. With respect to clients that have not granted us voting authority over securities held in their accounts and choose either to retain proxy voting authority or to delegate proxy voting authority to another firm (whether such retention or delegation applies to all or only a portion of the securities within the client’s account), either the client’s or such other entity’s chosen proxy voting guidelines will apply to those securities. We generally do not provide proxy voting recommendations to clients who have not granted us voting authority over their securities. With respect to the Mutual Fund Series, BNYMSC does not take any action or provide any advice with respect to the voting of proxies for securities held in client accounts; as described in the client’s Investment Advisory Agreement, the client retains the right and obligation to vote any proxies relating to securities held. With respect to the Customized Investment and Municipal Bond Series, the respective Portfolio Manager (including, where applicable, BNYMSC) is responsible for voting proxies in accordance with the Portfolio Manager’s proxy voting policies.

If we receive a proxy from a non-U.S. company, we will seek to effect a vote decision through the application of the Voting Guidelines. However, corporate governance practices, disclosure requirements and voting operations vary significantly among the various non-U.S. markets in which our clients may invest. In these markets, we may face regulatory, compliance, legal or logistical limits with respect to voting securities held in client accounts which can affect our ability to vote such proxies, as well as the desirability of voting such proxies. Non-U.S. regulatory restrictions or company-specific ownership limits, as well as legal matters related to consolidated groups, may restrict the total percentage of an issuer’s voting securities that we can hold for clients and the nature of our voting in such securities. Our ability to vote proxies may also be affected by, among other things: (1) late receipt of meeting notices; (2) requirements to vote proxies in person; (3) restrictions on a foreigner’s ability to exercise votes; (4) potential difficulties in translating the proxy; (5) requirements to provide local agents with unrestricted powers of attorney to facilitate voting instructions; and (6) requirements that investors who exercise their voting rights surrender the right to dispose of their holdings for some specified period in proximity to the shareholder

meeting. Absent an issue that is likely to impact clients' economic interest in a company, we generally will not subject clients to the costs (which may include a loss of liquidity) that could be imposed by these requirements. In these markets, we will weigh the associative costs against the benefit of voting and may refrain from voting certain non-U.S. securities in instances where the items presented are not likely in our view to have a material impact on shareholder value.

### **Process**

With respect to U.S.-based and Japan-based issuers and companies, we utilize internally developed Voting Guidelines. With respect to issuers and companies domiciled in other jurisdictions, our Voting Guidelines consist of standardized guidelines for those jurisdictions provided by an independent, third-party proxy advisor (the "Proxy Advisor"). The Voting Guidelines in all instances are intended to address routine, non-controversial proxy proposals.

We have also engaged the Proxy Advisor to serve as our proxy agent to administer the mechanical, non-discretionary elements of proxy voting and reporting for clients. The Proxy Advisor is directed, in an administrative role, to follow the specified Voting Guideline and apply it to each applicable proxy proposal or matter where a shareholder vote is sought. Accordingly, proxy items that can be appropriately categorized and matched either will be voted in accordance with the applicable Voting Guideline or will be referred to us if the Voting Guideline so requires. The Voting Guidelines require referral to us of all proxy proposals or shareholder voting matters for which there is not an established applicable Voting Guideline, and generally for those proxy proposals or shareholder voting matters that are contested or similarly controversial. We will in turn refer such proxy proposals to the relevant Delegated Subadviser, where applicable, for the purpose of obtaining non-binding proxy voting recommendations in respect of such matters. In cases where we are unable to obtain, or to timely obtain, such proxy voting recommendations directly from a Delegated Subadviser, we will utilize the BNY Mellon Proxy Governance team (the "PGT"), an affiliated proxy agent, to vote such proposals in the same manner as voted by the Delegated Subadviser, where available. In cases where no such vote is available, BNYMSC will default to the Proxy Advisor's applicable standardized guideline for the proposal and jurisdiction in question.

Clients may receive a copy of the Voting Guidelines, as well as our Proxy Voting Policy, upon request. Clients may also receive information on the proxy voting history for their managed accounts upon request. Please contact us for more information.

**Managing Conflicts:**

It is our policy to make proxy voting decisions that are solely in the best long-term economic interests of clients. We are aware that, from time to time, voting on a particular proposal or with regard to a particular issuer may present a potential for conflict of interest for us. For example, potential conflicts of interest may arise when: (1) a public company or a proponent of a proxy proposal has a business relationship with a BNY Mellon affiliated company; and/or (2) an employee, officer or director of BNY Mellon or one of its affiliated companies has a personal interest in the outcome of a particular proxy proposal.

Aware of the potential for conflicts to influence the voting process, we have consciously developed the Voting Guidelines and their application with several layers of controls that are designed to ensure that our voting decisions are not influenced by interests other than those of our clients. For example, we developed the Voting Guidelines with the assistance of internal and external research and recommendations provided by third party vendors but without consideration of any BNY Mellon client relationship factors. We have directed our Proxy Advisor to apply the Voting Guidelines to individual proxy items in an objective and consistent manner across client accounts. When proxies are voted in accordance with these pre-determined Voting Guidelines, it is our view that these votes do not present the potential for a material conflict of interest and no additional safeguards are needed.

For those proposals that are referred to us in accordance with the Voting Guidelines or our direction, we seek to make voting decisions based upon the principle of maximizing the economic value of the securities held in client accounts. In this context we seek to address the potential for conflicts presented by such “referred” items through utilization of the independent expertise of our Delegated Subadvisers, where applicable.

With respect to the potential for personal conflicts of interest, BNY Mellon’s Code of Conduct requires that all employees make business decisions free from conflicting outside influences. Under this Code, BNY Mellon employees’ business decisions are to be based on their duty to BNY Mellon and to their clients, and not driven by any personal interest or gain. All employees are to be alert to any potential for conflict and to identify and mitigate or eliminate any such conflict. Accordingly, employees with a personal conflict of interest regarding a particular public company or proposal that is being voted upon must recuse themselves from participation in the discussion and decision-making process with respect to that matter.



Additionally, as described below, we have developed specific protocols for instances involving actual or potential conflicts of interest involving ourselves or our ultimate corporate parent, BNY Mellon. Conflicts involving BNYMSC typically arise due to relationships between proxy issuers (or companies) and BNYMSC and/or its employees, executives, officers or directors (“BNYMSC Conflicts”). BNYMSC Conflicts may include proxies issued by a company for which a BNYMSC employee, executive, officer or director serves as a board member; proxies issued by a company that is a current client of BNYMSC (such as a wrap fee program sponsor) and that contributed materially to BNYMSC’s total revenue as of the end of the last fiscal quarter; and other proxies deemed to present an actual, potential or perceived material conflict because of a relationship between a proxy issuer and BNYMSC and/or its executive officers or directors. In addition, BNY Mellon has established a Proxy Voting Conflicts Policy (“BNYM Policy”) that establishes the required actions and reporting protocols for business units that have discretionary authority to vote proxies on behalf of clients (each, a “Voting Firm”) when actual or potential conflicts of interest involving BNY Mellon itself arise. The BNYM Policy identifies several specific types of proxy solicitations that are considered “Primary Conflicts” for all Voting Firms (including BNYMSC) and directs the manner in which such Primary Conflicts are to be addressed (e.g., application of written guidelines, delegation to independent fiduciary, abstention, client consent, etc.). The BNYM Policy also identifies those situations that, while not identified as a Primary Conflict, may present an actual, potential or perceived material conflict because of a relationship between a proxy issuer and BNY Mellon or its executive officers or Board of Directors (a “Secondary Conflict”).

The BNY Mellon Policy has further established the BNY Mellon Proxy Voting Conflicts Committee (the “PCC”) with responsibility (among others) to (1) maintain and approve changes to the BNYM Policy; (2) confirm whether a “Primary Conflict” or “Secondary Conflict” exists if unclear; (3) provide interpretive guidance and/or determine how certain actual or potential conflicts should be addressed; and (4) periodically review proxy conflict decisions as reported by the Voting Firms.

The BNY Mellon Policy requires each BNY Mellon investment adviser to establish a proxy voting conflicts committee or, alternatively, to delegate that function to the PCC. BNYMSC has adopted the latter approach and accordingly will present to the PCC for consideration and direction any need for guidance (1) to determine whether a certain situation should be treated as a BNYMSC Conflict, Primary Conflict or Secondary Conflict, and (2) the manner in which such actual or potential conflicts should be addressed.

The PCC will have sole discretion to determine how a BNYMSC Conflict, Primary Conflict or Secondary Conflict is to be addressed -- to the extent a situation is not addressed sufficiently under



the applicable policy or if BNYMSC deems the applicable policy to be unclear and PCC guidance is needed. Depending on the circumstances, the PCC may determine that the situation: (1) does not rise to the level of a material conflict of interest and will not prohibit BNYMSC from voting the proxy; or (2) does present a material conflict of interest requiring some form of mitigation by BNYMSC. The PCC may direct any conflict mitigation approach it deems necessary and appropriate (e.g., voting in accordance with the guidance of an independent fiduciary; voting in proportion to other shareholders (“mirror voting”); abstaining from voting; erecting informational barriers around, or recusal from the vote decision making process by, the person or persons making voting decisions; obtaining client consent; or voting in other ways that are consistent with our obligation to vote in our clients’ best interest.

**Controls and Oversight:**

We currently apply our proxy voting policies and procedures uniformly across client accounts, without distinction based on investment strategy or client type, but maintain processes designed to periodically re-evaluate this approach and determine its ongoing appropriateness.

In addition, we, or the PGT on our behalf, perform a variety of qualitative and quantitative evaluations and maintain processes designed to: i) incorporate additional information that may become available about a pending proxy proposal that would reasonably be expected to affect our voting decision; ii) conduct monitoring to verify that proxy votes have been cast in accordance with the Voting Guidelines or our specific direction, as applicable; iii) verify the continued efficacy and applicability of the Voting Guidelines; iv) help ensure the adequacy, transparency and sufficiently broad dissemination of our proxy voting disclosures; v) periodically review the adequacy of our proxy voting policies and procedures to ensure that they have been reasonably formulated and effectively implemented and are reasonably designed to ensure that we continue to cast proxy votes in the best interest of our clients; and vi) conduct due diligence oversight of the Proxy Advisor and qualitatively determine whether continued engagement of the Proxy Advisor is warranted. (This due diligence oversight includes, but is not limited to, annual completion of a comprehensive due diligence questionnaire and provision of a detailed policy and procedure inventory by the Proxy Advisor; annual provision by the Proxy Advisor of a detailed control evaluation performed by an independent auditor; submission of an annual compliance, regulatory and conflicts-related attestation by the Proxy Advisor’s Chief Compliance Officer; and periodic due diligence meetings and on-site visits conducted by the PGT.)

**Financial Information**

In certain circumstances, registered investment advisers are required to provide you with financial information or disclosures about their financial condition in this Item. BNYMSC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has never been the subject of a bankruptcy proceeding.

## **Appendix A**

**American Depository Receipts and Global Depository Receipts risk.** American depository receipts ("ADRs") are receipts issued by a U.S. bank or trust company evidencing ownership of underlying securities issued by non-U.S. issuers. ADRs may be listed on a national securities exchange or may be traded in the over-the-counter market. Global depository receipts ("GDRs") are receipts issued by either a U.S. or non-U.S. banking institution representing ownership in a non-U.S. company's publicly traded securities that are traded on non-U.S. stock exchanges or non-U.S. over-the-counter markets. Holders of unsponsored ADRs or GDRs generally bear all the costs of such facilities. The depository of an unsponsored facility frequently is under no obligation to distribute investor communications received from the issuer of the deposited security or to pass through voting rights to the holders of depository receipts in respect of the deposited securities. Investments in ADRs and GDRs pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability), as well as a range of other potential risks relating to the underlying shares, which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sales or disposition proceeds, political or social instability or diplomatic developments that could affect investments in those countries, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding the underlying shares of ADRs and GDRs, and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Such risks may have a material adverse effect on the performance of such investments and could result in substantial losses.

**Allocation risk.** The asset classes in which a strategy seeks investment exposure can perform differently from each other at any given time (as well as over the long term), so a strategy will be affected by its allocation among the various asset classes. If the strategy favors exposure to an asset class during a period when that class underperforms, performance may be hurt.

**Banking industry risk.** The risks generally associated with concentrating investments in the banking industry, such as interest rate risk, credit risk and regulatory developments relating to the banking industry.

**Call risk.** Some 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.

**Clearance and settlement risk.** Many emerging market countries have different clearance and settlement procedures from developed countries. There may be no central clearing mechanism for settling trades and no central depository or custodian for the safe keeping of securities. The registration, record-keeping and transfer of instruments may be carried out manually, which may cause delays in the recording of ownership. Increased settlement risk may increase counterparty and other risk. Certain markets have experienced periods when settlement dates are extended, and during the interim, the market value of an instrument may change. Moreover, certain markets have experienced periods when settlements did not keep pace with the volume of transactions resulting in settlement difficulties. Because of the lack of standardized settlement procedures, settlement risk in emerging markets is more prominent than in more mature markets.

**Concentration risk.** A strategy may have a concentrated portfolio due to investment in a limited number of securities, giving rise to concentration risk. A fall in the value of a single security may have a greater impact on the strategy’s value than if the strategy had a more diversified portfolio.

**Counterparty risk.** Under certain conditions, a counterparty to a transaction, including repurchase agreements and derivative instruments, could fail to honor the terms of the agreement, default and the market for certain securities or financial instruments in which the counterparty deals may become illiquid.

**Country, industry and market sector allocation risk.** A strategy may be overweighted or underweighted, relative to the benchmark index, in companies in certain countries, industries or market sectors, which may cause the strategy’s performance to be more or less sensitive to positive or negative developments affecting these countries, industries or sectors. In addition, a strategy may, from time to time, invest a significant portion (more than 25%) of its total assets in securities of companies located in particular countries, such as the United Kingdom and Japan, depending on such country’s representation within the benchmark index.

**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, lowering the value of a strategy’s investment in such security. The lower a security’s credit rating, the greater the chance that the issuer of the security will default or fail to meet its payment obligation. See also “High yield bond risk.”

**Cybersecurity risk.** In addition to the risks described above that primarily relate to the value of investments, there are various operational, systems, information security and related risks involved in investing, including but not limited to “cybersecurity” risk. Cybersecurity attacks include electronic and non-electronic attacks that include but are not limited to gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cybersecurity attacks also may be carried out in a manner that does not require gaining unauthorized access, such as causing denial of service attacks on websites (i.e., efforts to make services unavailable to intended users). As the use of technology has become more prevalent, we and the client accounts we manage have become potentially more susceptible to operational risks through cybersecurity attacks. These attacks in turn could cause us and client accounts (including funds) we manage to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Similar adverse consequences could result from cybersecurity incidents affecting issuers of securities in which we invest, counterparties with which we engage in transactions, third-party service providers (e.g., a client account’s custodian), governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers and other financial institutions and other parties. While cybersecurity risk management systems and business continuity plans have been developed and are designed to reduce the risks associated with these attacks, there are inherent limitations in any cybersecurity risk management system or business continuity plan, including the possibility that certain risks have not been identified. Accordingly, there is no guarantee that such efforts will succeed, especially since we do not directly control the cybersecurity systems of issuers or third-party service providers.

**Disease/Epidemic risk.** Investments could be materially adversely affected by the widespread outbreak of infectious disease or other public health crises, including the COVID-19 pandemic. Public health crises such as the COVID-19 pandemic, together with any containment or other remedial measures undertaken or imposed, could have a material and adverse effect on various investments.

**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, have restrictions on foreign ownership or prohibitions on repatriation of assets and impose 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. The fixed income securities of issuers located in emerging markets can be more volatile and less liquid than those of issuers in more mature economies. In addition, such securities often are considered to be below investment grade credit quality and predominantly speculative. The imposition of sanctions, confiscations, trade restrictions (including tariffs) and other government restrictions by the United States and other governments, or problems in share registration, settlement or custody, may also result in losses.

**Equity securities risk.** The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, an account may suffer losses if it invests in equity instruments of issuers whose performance diverges from expectations or if equity markets generally move in a single direction. Accounts may also be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

**ESG investment approach risk.** A strategy's investment approach may cause it to perform differently than strategies that invest in securities of companies but that do not integrate consideration of environmental, social and governance ("ESG") issues when selecting investments. An investment approach that systematically integrates the consideration of ESG issues in the securities selection process may result in such strategy forgoing opportunities to buy certain securities when it might otherwise be advantageous to do so or selling securities when it might be disadvantageous for such strategy to do so.

**Exchange-traded fund ("ETF") risk.** Exchange Traded Funds ("ETFs") are shares of publicly traded unit investment trusts, open-end funds or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying financial instruments they are designed to track. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate perfectly with changes in the prices of the underlying financial instruments they are designed to track and the risk of trading in an ETF halting due to

market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. ETFs in which the strategy may invest involve certain inherent risks generally associated with investments in a portfolio of common stocks and/or bonds, 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 securities held. In addition, legal, tax and regulatory changes, such as certain sanctions imposed by governments, may occur which may restrict an ETF's ability to purchase, hold or sell certain constituents of the relevant index in their appropriate proportions or otherwise adversely affect the ability of the ETF to pursue its indexing strategy.

Investing in ETFs, which are investment companies, may involve duplication of advisory fees and certain other expenses.

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

**Foreign investment risk.** Special risks associated with investments in foreign companies include exposure to currency fluctuations, less liquidity, less developed or less efficient trading markets, lack of comprehensive company information, political or economic instability, seizure or nationalization of assets, imposition of taxes or repatriation restrictions and differing auditing and legal standards. The securities of issuers located in emerging markets can be more volatile and less liquid than those of issuers in more mature economies. The imposition of sanctions, confiscations, trade restrictions (including tariffs) and other government restrictions by the United States and other governments, or problems in share registration, settlement or custody, may also result in losses.

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



**Growth and value stock risk.** Investors often expect growth companies to increase their earnings at a certain rate. If these expectations are not met, investors can punish the stocks inordinately, even if earnings do increase. In addition, growth stocks typically lack the dividend yield that can cushion stock prices in market downturns. Value stocks involve the risk that they may never reach their expected full market value, either because the market fails to recognize the stock's intrinsic worth, or the expected value was misgauged. They also may decline in price even though in theory they are already undervalued.

**Health care sector risk.** When a strategy's investments are concentrated in the health care and related sectors, the value of your investment will be affected by factors particular to those sectors and may fluctuate more widely than that of a strategy which invests in a broad range of industries. Health care companies are subject to government regulation and approval of their products and services, which can have a significant effect on their market price. The types of products or services produced or provided by these companies may quickly become obsolete. Moreover, liability for products that are later alleged to be harmful or unsafe may be substantial and may have a significant impact on the health care company's market value and/or share price. Biotechnology and related companies are affected by patent considerations, intense competition, rapid technology change and obsolescence and regulatory requirements of various federal and state agencies. In addition, some of these companies are relatively small and have thinly traded securities, may not yet offer products or may offer a single product and may have persistent losses during a new product's transition from development to production, or erratic revenue patterns. The stock prices of these companies are very volatile, particularly when their products are up for regulatory approval and/or under regulatory scrutiny. Securities of companies within specific health care sectors can perform differently than the overall market. This may be due to changes in such things as the regulatory or competitive environment, or to changes in investor perceptions regarding a sector. Because the strategy may allocate relatively more assets to certain health care sectors than others, the strategy's performance may be more sensitive to developments which affect those sectors emphasized by the strategy.

**Inflation risk.** Rising prices associated with inflation may outpace the returns delivered by investments, in particular with respect to cash and cash equivalents and other investments whose returns are not linked to the rate of inflation in the reference economy.

**Interest rate risk.** Prices of debt securities tend to move inversely with changes in interest rates. Typically, a rise in rates will adversely affect the prices of these securities and, accordingly, the value of your investment. The longer the effective maturity and duration of the strategy's portfolio, the more the value of your investment is likely to react to interest rates. Mortgage-related securities can have a different interest rate sensitivity than other bonds, however, because of prepayments

and other factors, they may carry additional risks and be more volatile than other types of debt securities due to unexpected changes in interest rates.

**Investment strategy risk.** A strategy's investment criteria (for example, sustainability) may limit the number of investment opportunities available to the strategy, and, as a result, at times the strategy's returns may be lower than those of strategies that are not subject to such special investment considerations.

**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.

**Large cap stock risk.** To the extent a strategy invests in large capitalization stocks, the strategy may underperform strategies that invest primarily in the stocks of lower quality, smaller capitalization companies during periods when the stocks of such companies are in favor.

**Liquidity risk.** When there is little or no active trading market for specific types of securities, it can become more difficult to sell the securities at or near their perceived value. In such a market, the value of such securities and the value of your investment may fall dramatically, even during periods of declining interest rates. Liquidity risk also exists when a particular derivative instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price. The secondary market for certain municipal bonds tends to be less well developed or liquid than many other securities markets, which may adversely affect the strategy's ability to sell such municipal bonds at attractive prices. Trading limits (such as "daily price fluctuation limits" or "speculative position limits") on futures trading imposed by regulators and exchanges could prevent the prompt liquidation of unfavorable futures positions and result in substantial losses. In addition, the ability to execute futures contract trades at favorable prices if trading volume in such contracts is low may be limited. It is also possible that an exchange or a regulator may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only. Therefore, in some cases, the execution of trades to invest or divest cash flows may be postponed which could adversely affect the withdrawal of assets and/or performance.

**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, outbreaks of an infectious disease, 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. Global economies and financial markets are becoming increasingly interconnected, and conditions and events in one country, region or financial market may adversely impact issuers in a different country, region or financial market. These risks may be magnified if certain events or developments adversely interrupt the global supply chain; in these and other circumstances, such risks might affect companies world-wide.

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

**Municipal securities risk.** The amount of public information available about municipal securities 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 securities. Other factors include the general conditions of the municipal securities 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 or state, territory or possession of the United States in which the strategy invests may have an impact on the strategy's performance.

**Non-diversification risk.** A non-diversified strategy may invest a relatively high percentage of its assets in a limited number of issuers. Therefore, the strategy's performance may be more vulnerable to changes in the market value of a single issuer or group of issuers and more susceptible to risks associated with a single economic, political or regulatory occurrence than a diversified strategy.

**Portfolio turnover risk.** A strategy may engage in short-term trading, which could produce higher transaction costs and taxable distributions and lower the strategy's after-tax performance.

**Preferred stock risk.** Preferred stock is a class of a capital stock that typically pays dividends at a specified rate. Preferred stock is generally senior to common stock, but subordinate to debt securities, with respect to the payment of dividends and on liquidation of the issuer. The market value of preferred stock generally decreases when interest rates rise and is also affected by the issuer's ability to make payments on the preferred stock.

**Prepayment and extension risk.** When interest rates fall, the principal on mortgage-backed and certain asset-backed securities may be prepaid. The loss of higher yielding underlying mortgages and the reinvestment of proceeds at lower interest rates can reduce the strategy's potential price

gain in response to falling interest rates, reducing the value of your investment. When interest rates rise, the effective duration of the strategy's mortgage-related and other asset-backed securities may lengthen due to a drop in prepayments of the underlying mortgages or other assets. This is known as extension risk and would increase the strategy's sensitivity to rising interest rates and its potential for price declines.

**Real estate sector risk.** When a strategy's investments are concentrated in the securities of companies principally engaged in the real estate sector, the value of your investment will be affected by factors particular to the real estate sector and may fluctuate more widely than that of a strategy which invests in a broader range of industries. 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 funds or financing, extended vacancies of properties, changes in tax and regulatory requirements (including zoning laws and environmental restrictions), losses due to costs resulting from the clean-up of environmental problems, liability to third parties for damages resulting from environmental problems and casualty or condemnation losses. In addition, the performance of the economy in each of the regions and countries in which the real estate owned by a portfolio company is located affects occupancy, market rental rates and expenses and, consequently, has an impact on the income from such properties and their underlying values. In addition to the risks which are linked to the real estate sector in general, Real Estate Investment Trusts ("REITs") are subject to additional risks. Equity REITs, which invest a majority of their assets directly in real property and derive income primarily from the collection of rents and lease payments, may be affected by changes in the value of the underlying property owned by the trust, while mortgage REITs, which invest the majority of their assets in real estate mortgages and derive income primarily from the collection of interest payments, may be affected by the quality of any credit extended. Further, REITs are highly dependent upon management skill and often are not diversified. REITs also are subject to heavy cash flow dependency and to defaults by borrowers or lessees. In addition, REITs possibly could fail to qualify for favorable tax treatment under applicable U.S. or foreign law and/or to maintain exempt status under the Investment Company Act of 1940, as amended. Certain REITs provide for a specified term of existence in their trust documents. Such REITs run the risk of liquidating at an economically disadvantageous time.

**Small and mid-size company risk.** Small and mid-size companies carry additional risks because the operating histories of these companies tend to be more limited, their earnings and revenues less predictable (and some companies may be experiencing significant losses) and their share prices more volatile than those of larger, more established companies. The shares of smaller companies

tend to trade less frequently than those of larger, more established companies, which can adversely affect the pricing of these securities and the strategy's ability to sell these securities. These companies may have limited product lines, markets or financial resources, or may depend on a limited management group. Some of the strategy's investments will rise and fall based on investor perception rather than economic factors. Other investments are made in anticipation of future products, services or events whose delay or cancellation could cause the stock price to drop.

**State-specific risk.** A state-specific strategy is subject to the risk of that state's economy, and the revenues underlying its municipal bonds, may decline. Investing primarily in a single state makes the strategy more sensitive to risks specific to the state and may magnify other risks.

**Stock investing risk.** Stocks generally fluctuate more in value than bonds and may decline significantly over short time periods. There is the chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising prices and falling prices. The market value of a stock may decline due to general market conditions that are not related to the particular company, such as real or perceived adverse economic conditions, changes in the outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. A security's market value also may decline because of factors that affect a particular industry, such as labor shortages or increased production costs and competitive conditions within an industry or factors that affect a particular company, such as management performance, financial leverage and reduced demand for the company's products or services.

**Stock selection risk.** The stocks selected for implementing a given investment strategy may not perform as well as anticipated or in relation to available stock alternatives, negatively impacting account performance.

**Style risk.** Investment strategies that focus on particular market segments or asset types may underperform the broader market during intervals when such securities are out of favor with investors.

**Systemic risk.** World events and/or the activities of one or more large participants in the financial markets and/or other events or activities of others could result in a temporary systemic breakdown in the normal operation of financial markets. Such events could result in a portfolio losing substantial value caused predominantly by liquidity and counterparty issues which could result in a portfolio incurring substantial losses.

**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 to you will be taxable.

**Technology company risk.** The technology sector has been among the most volatile sectors of the stock market. If the strategy's investments are concentrated in the technology sector, its performance can be significantly affected by developments in that sector. Technology companies, especially small-cap technology companies, involve greater risk because their revenue and/or earnings tend to be less predictable (and some companies may be experiencing significant losses) and their share prices tend to be more volatile. Certain technology companies may have limited product lines, markets or financial resources, or may depend on a limited management group. In addition, these companies are strongly affected by worldwide technological developments and their products and services may not be economically successful or may quickly become outdated. Investor perception may play a greater role in determining the day-to-day value of tech stocks than it does in other sectors. Investments made in anticipation of future products and services may decline dramatically in value if the anticipated products or services are delayed or cancelled. The risks associated with technology companies are magnified in the case of small-cap technology companies. The shares of smaller technology companies tend to trade less frequently than those of larger, more established companies, which can have an adverse effect on the pricing of these securities and on a strategy's ability to sell these securities.

**Value stock risk.** Value stocks involve the risk that they may never reach their expected market value, either because the market fails to recognize the stock's intrinsic worth or the expected value was misgauged. They also may decline in price even though in theory they are already undervalued.