

BNY Mellon Investor Solutions, LLC  
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**Form ADV Part 2A  
(As of March 31, 2020)**

**This brochure (“Brochure”) provides information about the qualifications and business practices of BNY Mellon Investor Solutions, LLC (the “ Firm,” “We,” or “Us”). The Firm is registered with the SEC as an investment adviser. If you have any questions about the contents of this Brochure, please contact us at 617-248-6016. 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 by an investment adviser with the SEC does not imply any level of skill or training.**

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

## **Item 2. Summary of Material Changes**

On January 1, 2020, BNY Investment Strategy and Solutions Group, LLC was renamed BNY Mellon Investor Solutions, LLC (the “Firm”).

The following is a summary of any material changes made to the Brochure since its last annual update on March 27, 2019.

- **Item 4** has been updated to reflect updated description of advisory business.
- **Item 5** has been updated to reflect updated fees and the new fee schedule.
- **Item 8** has been updated to reflect methods of analysis, asset allocation and portfolio implementation process.
- **Item 14** has been updated to add Unaffiliated Solicitors and Placement Agents.

### **Item 3. Table of Contents**

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## **Item 4. Advisory Business**

### **Background**

BNY Mellon Investor Solutions, LLC (the “Firm”) is a limited liability company organized under the laws of the State of Delaware. We are wholly owned by MBC Investments Corporation, which in turn is a wholly owned subsidiary of The Bank of New York Mellon Corporation (“BNY Mellon”).

The Firm was formed in June 2015. Effective January 1, 2020, the Firm was renamed BNY Mellon Investor Solutions, LLC.

### **Advisory Business**

The Firm is an investment adviser registered as such with the U.S. Securities and Exchange Commission (“SEC”) pursuant to the Investment Advisers Act of 1940, as amended (“Advisers Act”). We provide Customized Portfolio Management and Outsourced Chief Investment Officer (OCIO) Services to institutional clients, both in the U.S and globally. Our discretionary portfolio management and non-discretionary advisory services include the following capabilities: Portfolio Design (asset allocation and investment policy construction); Manager Research & Selection (investment due diligence and operational due diligence); Investment Analytics (performance & risk reporting and portfolio stress testing and scenario analysis); Economic and Capital Market Research; and Discretionary Portfolio Management. Our advisory services are also available on a standalone basis.

We provide advice with respect to a wide variety of asset classes by investing directly in securities or by allocating assets to underlying investment managers (“Sub- Advisers”). Our Sub-Advisers may invest in securities and other instruments, including derivative instruments through the use of separately managed accounts or participation in underlying pooled investment vehicles (“Underlying Funds”), including but not limited to collective investment trusts, mutual funds, ETFs and private funds. We make (or recommend) allocations for each asset class and strategy, according to designated investment objectives, outcomes, styles and strategies. We primarily employ a “multi-asset” approach which utilizes non-affiliated and affiliated investment managers. The selection of investment strategies and vehicles is based on a combination of potential returns related to both the strategy as well as the asset class that the strategy is benchmarked to, risk levels, fees, as well as general fit with the objectives of both the client and the overall strategy. *Refer to Item 8 for a discussion of the Sub-Adviser selection process.*

### **Investment Guidelines**

The Firm offers investment advisory services tailored to meet clients’ investment goals. With respect to separate accounts, we work with clients to create investment guidelines mutually acceptable to the client, the Sub-Adviser(s) and the Firm. When creating investment guidelines, clients may impose investment restrictions in certain individual securities or types of securities.

If consistent with the client's investment objectives, we will invest client assets in collective investment funds or for which The Bank of New York Mellon, an affiliated New York State chartered bank (the "Bank"), serves as trustee and account custodian. The collective investment funds are further described in the Schedule A(s) of the applicable bank collective investment fund plan documents. We also manage similar portfolios as separate accounts investing client's assets in UCITS funds or mutual funds. We also provide investment management to our affiliates' seed capital programs. We are responsible for the hedging component of the seed capital program, which is managed through the use of Futures.

## **Model Delivery**

In certain circumstances, we act as a nondiscretionary adviser or sub-adviser in programs ("Model Delivery Programs") in which our services are limited to the creation and maintenance of a model portfolio for an investment adviser or sponsor providing investment advisory and asset allocation services to its clients in a wrap fee program, Turnkey Asset Allocation Program ("TAMP"), or similar types of programs. In such cases, it is expected that the recommendations of our model portfolio will be implemented, subject only to differences resulting from individual investment guidelines or cash or other needs of the particular Model Delivery Program client. With respect to these accounts, we generally do not know the identity of the underlying clients, do not act as a fiduciary to such clients, do not have access to the underlying clients' account information, do not trade for underlying clients participating in the account and do not perform brokerage, custody, suitability reviews or any other administrative functions. Additionally, for Model Delivery Programs, we are generally not responsible for voting proxies that relate to assets held in any underlying client's account or the account's compliance with applicable laws and regulations. In certain circumstances, we may also provide Model Delivery Program services to advisers or sub-advisers for clients other than wrap fee accounts.

Our relationships with Sponsors may create certain conflicts of interest for the sponsors and for us. We provide investment advisory services to certain affiliated sponsors, including BNY Mellon Securities Corporation ("BNYMSC"). If the sponsor is affiliated with us, the sponsor may have an incentive to give us access to the account and to steer clients toward us, based on the affiliation rather than based on our expertise or performance or the client's needs.

## **Dual Officers**

Certain of our personnel act as officers or employees of one or more of our affiliates ("dual officers"), including the Bank, BNY Mellon, N.A. and BNY Mellon Investment Adviser, Inc. ("BNYMIA") an affiliated registered investment adviser, for the purpose of performing investment management and related functions. In their capacities as dual officers, these personnel provide discretionary investment advisory services to certain clients and also to certain collective investment funds of the Bank and we receive a fee for these services.

When the Firm's personnel act as dual officers or employees of the Bank, BNY Mellon Investment Adviser, Inc. or BNY Mellon, N.A. in performing investment management and related functions, the Firm receives compensation. In certain instances, we may enter into revenue sharing arrangements with affiliates where we may receive a portion of the fee, or bill the entire fee to the client and reimburse the affiliate for amounts in excess of our revenue share.

When we share personnel with our affiliates pursuant to these arrangements, such personnel will be subject to the Firm's compliance policies and procedures when acting on behalf of the Firm, and subject to the policies and procedures of the affiliate when acting on behalf of that affiliate.

Pursuant to investment management agreements between the Firm and certain of our affiliates, we may provide investment advisory services to certain of our affiliates in the form of separately managed accounts. *Please see Item 10 for more information regarding our affiliates.*

As of January 1, 2020, the Firm had total assets under management of \$12,805,789,854. This figure is comprised of:

\$862,809,440 managed on a discretionary basis;

\$425,361,267 managed on a non-discretionary basis, including accounts for which we provide a model of securities but do not arrange or effect the purchase or sale of the securities, as further described in Item 12 of this Brochure; and

\$11,517,619,146.60 managed by certain of our employees in their capacity as dual officers of BNY Mellon Investment Adviser, Inc. and the Bank.

The assets under management figures referenced above differ from the regulatory assets under management required to be reported in Form ADV Part 1A.

## **Item 5. Fees and Compensation**

We provide investment advisory services for a fee. This fee is typically charged as a percentage of your assets under our management. While this fee is typically expressed as an annual percentage, it is calculated based on the market value of the account at month end, quarter end or based on an average and generally invoiced on a monthly or quarterly basis in arrears. The Firm may pay Sub-Advisers management fees from our management fees or our fees may be net of underlying fees/expenses of the Sub-Advisers and/or Underlying Funds to which we allocate, depending on the circumstances of a client's agreement. Where the Firm develops customized manager-of-managers programs tailored to meet clients' investment goals, fees are negotiated on a case-by-case basis.

Accounts are generally billed quarterly, in arrears. Unless otherwise directed by the client, the Firm calculates the gross period management fees based upon a 30-day month and a 360-day year. Market values are sourced from the accounting systems of affiliated service providers unless specifically directed otherwise by the client.

We have entered into performance based fee arrangements with certain clients in accordance with Section 205-3 of the Advisers Act. These arrangements are negotiated with each client but typically provide for an annual asset based management fee based on the market value of the account as of a specified date, typically semi-annually or quarterly, and invoiced on a semi-annual or quarterly basis in arrears, plus a performance fee based on the portfolio's return above a benchmark for the relevant billing period.

All fees paid to the Firm are separate from any fees and expenses that are charged by pooled funds to shareholders of fund shares (for accounts that hold shares of pooled funds). A complete explanation of expenses charged by the pooled fund is contained in each fund's disclosure documents (such as prospectus for mutual funds or Schedule A for collective funds).

Our separate account fees range from 5 to 40 bps depending on the investment objectives selected by the client and the dollar amount of the investment. Depending on the circumstances of a client's agreement, clients may also incur investment management fees from the various Sub-Advisers selected within a particular manager-of-managers program. In all cases, Sub-Adviser investment management fees are negotiated by the Firm with the individual Sub-Advisers. We may charge a one time onboarding fee to clients where significant manual setup is required in connection with the client's portfolio. Such fees will be negotiated with the client and will only be charged with the client's written agreement.

For separate accounts, in addition to paying investment management fees to the Firm and the Sub-Advisers, clients may also incur other investment expenses such as mark-ups, mark-downs, commissions, interest on margin accounts and other indebtedness; odd-lot differentials, transfer taxes, wire transfers, electronic fund fees, borrowing charges on securities sold short; custodial fees; bank service fees; client-related insurance costs; and any other expenses related to the purchase, sale or transmittal of the client's assets. Investors may indirectly bear these fees and expenses and, as a result, will bear higher expenses than if they invested directly in the underlying securities.

Please review your investment advisory agreement for further information on how we charge and collect fees. *Please see Item 12 of this brochure for more information on our brokerage practices.*

## **Terminations**

Agreements relating to the provision of services provided by the Firm generally are terminable at any time by either the client or us subject to a mutually acceptable period of notice, which is usually approximately 30 days. For a withdrawal or termination, the Firm considers the actual date of withdrawal of funds to be a fee-earning day. The Firm does not consider the date of receipt of Funds to be a fee-earning day except in the case of an initial funding on a new account. Market values are sourced from the accounting systems of affiliated service providers unless specifically directed otherwise by the client. Investments in pooled funds that we manage are also subject to minimum investment and/or redemption requirements. Please refer to your investment management agreement, the collective investment fund's Schedule A or mutual fund prospectus, as applicable, for more information.

## **Sales Commissions**

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



## **Item 6. Performance Fees and Side-by-Side Management**

Our performance based fee arrangements and our side-by-side management activities entail inherent conflicts that are described in this Item 6.

We have entered into performance based fee arrangements with certain institutional clients. Most of these arrangements provide for an asset based management fee, based on the market value of the account at a specified date, typically semi-annually or quarter-end, plus a performance fee based on the portfolio's net return in excess of a specified benchmark during a designated period of time. The performance fee is typically based on both realized and unrealized gains and losses. For more detailed information on how performance fees are calculated, please refer to your investment management agreement.

"Side-by-side management" refers to our simultaneous management of multiple types of client accounts/investment products. For example, the Firm's personnel manage separate accounts and pooled investment vehicles for clients at the same time. Our clients have a variety of investment objectives, policies, strategies, limitations and restrictions. Additionally, our affiliate Sub-Advisors or Underlying Fund Managers may likewise manage a variety of separate accounts and pooled investment vehicles.

Side-by-side management gives rise to a variety of potential and actual conflicts of interest for us, our personnel and our supervised persons. Below we discuss the conflicts that we and our personnel and supervised persons face when engaging in side-by-side management and how we deal with them.

In order to address these conflicts of interest, 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. For example, we have trade allocation procedures, which are designed and implemented to ensure that all clients are treated fairly and equitably, and to prevent these conflicts from influencing the allocation of investment opportunities among clients. *Please see Item 12 for an explanation of our trade allocation procedures.*

### **Conflicts of Interest Relating to Performance Based Fees When Engaging in Side-by-Side Management**

We manage accounts that are charged an asset-based management fee with a performance-based fee payable at the client's discretion and other accounts that are charged a fee based on assets under management. This presents a conflict of interest because we have a financial incentive to favor accounts with performance-based fees since we (and our supervised persons) have an opportunity to earn greater fees on such accounts as compared to client accounts without performance-based fees. Thus, we have an incentive to direct our best investment ideas to client accounts that pay performance-based fees, and to allocate, aggregate or sequence trades in favor of such accounts. *Please see Item 12 for an explanation of our trade allocation procedures.*

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

We and our affiliates perform investment advisory services for various clients. We may give advice and take action in the performance of our duties with respect to any of our clients which may differ from the advice given, or the timing or nature of action taken, with respect 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 impractical to take such action. We may give advice or take action in the performance of our duties with respect to any of our clients which may differ from the advice given, or the timing or nature of action taken by our affiliates on behalf of their clients.

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

To the extent permissible under applicable law, we will from time to time, invest some or all of the temporary investments of client accounts in mutual funds (including) money market funds advised or managed by our affiliates. In addition, we may invest client accounts in other affiliated pooled vehicles. We have an incentive to allocate investments to these types of affiliated accounts in order to generate additional fees for us or our affiliates. *Please refer to Item 12 for an explanation of the conflicts associated with investment in affiliated accounts.*

## **Other Conflicts of Interest**

As noted previously, we and our affiliates manage numerous accounts with a variety of investment strategies and underlying Sub-Advisers. This necessarily creates potential conflicts of interest for us and our clients. For example, we or an affiliate may cause multiple accounts to invest, directly or indirectly, in the same investment. Such accounts may have conflicting interests and objectives in connection with such investment, including differing views on the operations or activities of the portfolio company, the targeted returns for the transaction and the time frame for and method of exiting the investment. Conflicts may also arise in cases where multiple affiliated Sub-Advisers' pooled investment vehicles or separate accounts are invested in different parts of an issuer's capital structure. For example, one of our client account's Sub-Advisers could acquire, directly or indirectly, debt obligations of an issuer while another client account's Sub Adviser acquires an equity investment in the same issuer. In negotiating the terms and conditions of any such investments, we may find that the interests of the debt-holding client account's Sub-Adviser and the equity holding client account's Sub-Adviser may conflict.

## **Item 7. Types of Clients**

### **Type of Clients**

We currently provide advisory services to institutional clients, including without limitation, other investment advisors, Taft-Hartley plans, trusts, central banks, charitable institutions, foundations and endowments and investment management services to the seed capital hedging program.

### **Separate Account Requirements**

We generally require separate account clients to execute a written investment management agreement with us, granting us authority to manage their assets. Separate accounts are subject to minimum account sizes depending on the investment objectives of a particular strategy; however, we reserve the right to waive such minimum account size requirements or other terms in our discretion. *See Item 5 (Fees and Compensation) for more information.*

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

### **Method(s) of Analysis**

#### *Philosophy and Process*

The Firm believes that capital markets exhibit features of system dynamics. Additionally, capital markets exhibit complexity in that underlying agents are not always independent. Finally, the adaptive nature of capital markets drives a continuously evolving and dynamic environment which require methods of analysis that are equally dynamic, evolutionary, and probabilistic in nature. The Firm's investment process is "quantamental" in nature, which is a combination of both fundamental and quantitative components, and is reflective of its investment beliefs. The combination of these two components in the investment process allows for both evolution of the process to adapt to changing markets as well as objectivity for disciplined evaluation through time.

#### *Client Objectives, Needs, and Preferences*

The investment process begins with an assessment of needs and objectives of the potential mandate. Generally, investment needs translate into investment objectives across a spectrum of asset growth, income generation, or preservation of capital or some combination of two or more of such investment objectives. Beyond identification of investment objectives, identification of unique preferences, constraints, and/or parameters must also be taken into consideration in developing an investment mandate that addresses the specific investment needs. The firm may consider specific cash flow needs and/or projections in support of this exercise in relation to future needs.

#### *Strategic Asset Allocation ("SAA") and Policy Portfolio Generation*

Once the unique needs and objectives of the potential mandate are understood, those parameters are used as the basis for developing a strategic asset allocation which aligns with the stated investment objectives. The strategic asset allocation process considers the role and behavior that various asset classes play in a portfolio over a longer term time horizon and/or economic cycle of approximately 10 years. The basis for SAA development begins with Capital Market Assumptions ("CMA's") of asset classes. The CMA's provide expected levels of return, volatility, and correlation for asset classes on a 10 year time horizon and act as an initial input into the SAA generation process. The process which generates strategic asset allocations using the CMA's is referred to as portfolio search. In this process, a robust portfolio is identified using a randomized search process. A key component of a search process which produces a "robust" portfolio is acknowledging the forecast error inherent in long term asset class forecasts as well as the distribution of possible outcomes across asset class returns, volatility, and correlations. By leveraging a stochastic approach and stress testing key inputs, the portfolio search process identifies robust portfolios as opposed to optimal portfolios. The key difference between "robust" and "optimal" being that optimality tends to treat key input assumptions as infallible. In connection with our philosophy that markets constantly evolve, addressing the distribution of outcomes for key assumptions leads to a portfolio that is less sensitive to small changes to assumptions, or a "robust" portfolio. The portfolio search process also integrates objectives by

connecting portfolio results with their respective objectives in relation to a population of candidate portfolios. For example, seeking total return in seeking growth as an objective as opposed to seeking to mitigate portfolio drawdown in seeking to preserve capital as an objective.

### *Portfolio Implementation*

Once an SAA is identified that aligns with the intended investment objectives and unique preferences of the mandate there is a need to implement the SAA, or policy portfolio, by considering several factors in relation to the aggregate portfolio as well as each individual asset class.

- Active Implementation / Passive Implementation
  - Consideration for asset class efficiency as measured by the dispersion of returns by managers in relation to a representative asset class index over various time horizons is a key consideration in making a decision of whether to deploy a passive, or index based, strategy in place of an actively managed strategy. In addition to the dispersion of returns within the asset class, consideration for the excess returns beyond an index in comparison to representative active fees are also a consideration in this decision framework.
- Manager / Strategy Due Diligence and Selection
  - Investment Due Diligence and Operational Due Diligence are performed by the Firm on a universe of potential managers and strategies for consideration. From that universe of potential strategies, those managers which the Firm feels have excelled in many facets of analysis are identified as candidates for implementation into an investment mandate. The factors that are considered in the due diligence process include, but are not limited to, strength and stability of the investment team, quality of investment process, performance track record, operational resources and strength and stability of the firm.
- Manager / Strategy Diversification
  - Once managers or strategies are identified, additional consideration is given to how best to diversify manager risk. Some of the facets of consideration include, but are not limited to, any style bias or factor exposure that managers exhibit (e.g. growth, value, smaller cap preference, preference for earnings or price momentum as a strategy), percentage of total portfolio with a single manager, percentage of the strategy the allocation represents, strategy liquidity, or percentage of the firm that the allocation represents. Additionally, consideration is given to how the strategy relates to the portfolio's overall investment objective.
- Manager / Strategy Termination
  - The Firm maintains a manager universe watch list to help identify when managers may be experiencing performance that is not reflective of their strategy or are beginning to experience periods of poor performance that is in need of deeper due diligence. Several factors would be considered in the decision to terminate a

manger beyond just the scope of performance. Those factors may include, but are not limited to, firm stability, team turnover, firm operational issues or concerns, performance not in line with strategy expectations, or key personnel departures.

### *Active Asset Allocation*

Upon determining an SAA and a path of portfolio implementation, active asset allocation decision may be made over time in relation to the SAA. Active asset allocation decisions reflect overweight or underweight decisions that are implemented within portfolios in order to generate excess returns beyond those returns of keeping the SAA weights static through time. Active asset allocation decisions are made in relation to a portfolio by first determining the asset allocation ranges for each asset class, sub-asset class, sector, country, or factor depending on the investment objective and mandate. The active asset allocation ranges are determined through consideration of a risk budget for the portfolio in relation to the portfolio's unique investment objective. Considerations in determining a portfolio risk budget include, but are not limited to, an asset class's volatility and/or correlation with other portfolio holdings, any unique portfolio preferences or parameters (e.g. maximum drawdown or targeted volatility), near term and long term behavior of asset classes. In making decisions as to overweighting or underweighting asset classes in a portfolio, the firm employs a disciplined portfolio management process which draws upon many factors in evaluating the near to medium term outlook for asset classes in relation to their own history as well as in relation to other asset classes in the portfolio. These factors include, but are not limited to, global monetary policy and policy expectations, economic growth, inflation, asset class valuations, asset class sentiment, price momentum, geopolitical concerns, and overall global macroeconomic environment. Generally, active asset allocation decisions are made on a monthly basis but may be made more frequently depending on market conditions and other unique circumstances.

### *Portfolio Monitoring / Risk Management*

Once an investment mandate or portfolio has been implemented, it is constantly and consistently monitored to ensure that it is staying within any stated guidelines, is adhering to its intended investment objectives, and is not drifting away from its intended goals. Various systems and platforms are utilized in this regard which evaluate the portfolio for market movements, asset class concentrations, ex-post and ex-ante risk analysis, unintended sector or country concentrations, or strategy underperformance. Part of an effective portfolio management and risk management program includes rebalancing which may be done on a calendar basis or based on intended drift from stated targets. In addition to the portfolio management process, the firm employs an independent Investment Risk professional who monitors portfolio for any unintended risk exposures or guideline breaches.

### **General Risks**

The risks set forth below represent a general summary of the material risks involved in the investment strategies we offer. Investing in securities involves risk of loss that you should be prepared to bear. For additional information specific to an underlying investment strategy, please review the applicable Sub-Adviser's Form ADV and/or the applicable Fund's offering materials.

**Risk of Loss.** Each investment strategy we offer invests in a variety of securities and employs a number of investment techniques that involve certain risks. Investment involves risk of loss that clients and investors 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.

**Lack of Operating History.** Certain of the underlying Sub-Advisers or Underlying Funds may be newly formed and have little or no operating history upon which investors can evaluate the anticipated performance of such investments. Any past investment performance of Sub-Advisers or Underlying Funds with which the Firm expects to place its assets cannot be relied upon as an indication of the future results of an investment with the Firm. The Firm's investment program should be evaluated on the basis that there can be no assurance that the Firm's assessments of Sub-Advisers or Underlying Funds, and in turn their assessments of the short-term or long-term prospects of investments, will prove accurate or that the Firm will achieve its investment objective.

## **Investment Related Risks**

The Firm allocates capital to Sub-Advisers that invest in, and actively trade, securities and other financial instruments using a variety of strategies and investment techniques with significant risk characteristics. No guarantee or representation is made that the Firm's pooled investment vehicles' or separate accounts' investment programs will be successful. Prospective investors and clients should consider the following additional factors in determining whether an investment with the Firm is a suitable investment:

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

**Liquidity risk.** When there is little or no active trading market for specific types of securities in which Sub-Advisers or Underlying Funds may invest, it can become more difficult to sell such 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.

**Market Risk.** Since the assets of a separate account or pooled investment vehicle are invested primarily in securities, such assets, like any market portfolio, are vulnerable to market risk -- the possibility that asset prices in general will decline over short or even extended periods. 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 general outlook for corporate earnings, changes in interest or currency rates, outbreaks of an infectious disease, 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.

**Valuations.** Certain securities in which Sub-Advisers or Underlying Funds invest may not have a readily ascertainable market price. Such securities are nevertheless generally valued by the Sub-Advisers or Underlying Fund Managers, their appointed administrators, or third party pricing agents. Valuation is ordinarily conclusive with respect to a separate account or pooled investment vehicle, even though Sub-Advisers or Underlying Fund Managers generally faces a conflict of interest in valuing such securities because the value of the securities will affect their compensation.

## **Risks of Securities Activities**

All securities investing and trading activities risk the loss of capital. There can be no assurance that the Firm's pooled investment vehicles' or separate accounts' investment activities will be successful or that investors will not suffer losses. The following discussion sets forth some of the more significant risks associated with the Sub-Advisers' and the Firm's pooled investment vehicles' or separate accounts' style of investing:

**Equity Securities.** The value of equity securities may fluctuate in response to specific situations for each company, industry market conditions and general economic environments. Sub-Advisers or Underlying Funds may acquire long and short positions in listed and unlisted common equities, preferred equities and convertible securities of issuers domiciled in developed or in emerging countries. (See "Investments in Emerging Markets" below.) Sub-Advisers or Underlying Funds may invest in equity securities regardless of market capitalization, including micro and small cap companies. The securities of smaller companies may involve more risk and their prices may be subject to more volatility. Sub-Advisers or Underlying Funds may also invest in distressed equity securities, which are generally considered to be riskier, more speculative and less liquid than other equity securities.

**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.

**Smaller Company Risk.** To the extent that a Sub-Adviser or Underlying Fund invests in small and midsize companies, a separate account or pooled investment vehicle is subject to additional risks because the earnings and revenues of these companies tend to be less predictable (and some



companies may experience 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 fund'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.

**Market Sector Risk.** Sub-Advisers or Underlying Funds may significantly overweight or underweight certain companies, industries or market sectors, which may cause a pooled investment vehicle's or separate account's performance to be more or less sensitive to developments affecting those companies, industries or sectors.

**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 instability 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.

**Investments in Emerging Markets.** Certain Sub-Advisers or Underlying Funds may invest in securities of companies operating in emerging markets and in emerging markets' currencies. Investing in the securities of such companies and countries involves certain considerations not usually associated with investing in developed countries, including political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gain or other income; the small size of the securities markets in some such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict a Sub-Adviser's or Underlying Fund's investment opportunities. In addition, accounting and financial reporting standards that prevail in many such countries may not provide adequate information to investors. There is also less regulation, generally, of securities markets in emerging countries than there is in developed countries.

**Fixed-Income Securities.** Certain Sub-Advisers or Underlying Funds may invest in fixed income securities. The value of fixed-income securities in which Sub-Advisers or Underlying Funds

invest will change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities can fluctuate in response to perceptions of credit worthiness, political stability or soundness of economic policies. Valuations of other fixed-income instruments, such as mortgage-backed securities, may fluctuate in response to changes in the economic environment that may affect future cash flows. Except to the extent that values are independently affected by currency exchange rate fluctuations, when interest rates decline, the value of fixed-rate, fixed-income securities generally can be expected to rise. Conversely, when interest rates rise, the value of the same fixed-income securities generally can be expected to decline. Sub-Advisers or Underlying Funds may invest in U.S. and non-U.S. issuers of fixed-income securities. The Sub-Advisers or Underlying Funds may invest in both investment grade and non-investment grade debt securities, including "high-yield" or "junk bonds" and "distressed securities."

**ERISA Plan Assets Status of a Firm's Separate Account.** We anticipate that the assets of a separate account (and therefore the Sub-Advisers' Accounts) may, from time to time, be treated as "plan assets" within the meaning of Section 3 (42) of ERISA of those investors that are subject to the provisions of Title I of ERISA and/or the prohibited transaction provisions of Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). In such event, the Firm and each Sub-Adviser would be treated as a fiduciary with respect to each such investor that is a Benefit Plan Investor. In addition, in the event that the assets of a separate account (and therefore the Sub-Adviser Accounts) were treated as "plan assets" for the purpose of ERISA, ERISA may impose certain limitations on the operation of the separate account and such Sub-Adviser Accounts. Accordingly, ERISA could materially limit the activities of a separate account and the Sub-Adviser Accounts, as applicable, and, as a result, investors should expect that a separate account and the Sub-Adviser Accounts, as applicable will not be able to take advantage of certain investment opportunities, will have a different portfolio and could have a lower rate of return than if it were not subject to ERISA.

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

### **Risk Factors for Traditional Manager-of-Manager Accounts**

**Dependence on the Investment Manager and Sub-Advisers.** We as investment manager invest assets of a separate account or pooled investment vehicle through Sub-Advisers or Underlying Funds. The success of a separate account or pooled investment vehicle depends upon the ability of the Firm and Sub-Advisers or Underlying Fund Managers to develop and implement investment strategies that achieve clients' investment objectives. Subjective decisions made by the Firm and/or the Sub-Advisers or Underlying Fund Managers may cause a separate account or pooled investment vehicle to incur losses or to miss profit opportunities on which it would otherwise have capitalized. In addition, the overall performance of a separate account or pooled investment vehicle is dependent not only on the investment performance of individual Sub-

Advisers or Underlying Funds, but also on our ability to select and allocate a separate account or pooled investment vehicle's assets among such Sub-Advisers or Underlying Funds effectively on an ongoing basis. There can be no assurance that the allocations made by the Firm will prove as successful as other allocations that might have been made, or as adopting a static approach in which Sub-Advisers or Underlying Funds are not changed.

As the Sub-Advisers and Underlying Funds with which the Firm invests may be in an early stage of formation or operation, this can pose a number of operational and other issues. For example, in its early stages the Sub-Adviser or Underlying Funds may have little capital available to cover expenses and, accordingly, may have difficulty attracting qualified personnel. Sub-Advisers or Underlying Funds may face competition from other investment vehicles, which may be more established, have a larger number of qualified management and technical personnel and benefit from a larger capital base.

**Managed Account Allocations.** The Firm retains Sub-Advisers to manage client separate accounts on a discretionary basis. Under this structure, the client accounts managed by Sub-Advisers are not subject to limited liability protections, and it is theoretically possible that a client's separate account could lose more in a separate account managed by a particular Sub-Adviser than the amount the Firm had allocated to such Sub-Adviser to invest.

**Fee Structure.** The Firm utilizes a "manager-of-managers" investment strategy, pursuant to which assets will be invested by multiple Sub-Advisers or Underlying Funds. Investment management fees are typically charged to the Firm's separate accounts or pooled investment vehicles solely by the Firm, with the Firm remaining responsible for fee payments to underlying Sub-Advisers or Underlying Funds. However, additional operational or administration fees may not be included.

**Overlapping Investment Strategies.** The Sub-Advisers or Underlying Funds invest wholly independently of one another and may at times hold economically offsetting positions or cause a separate account or pooled investment vehicle to be concentrated in certain positions. To the extent that the Sub-Advisers or Underlying Funds do, in fact, hold economically offsetting positions, a separate account or pooled investment vehicle, considered as a whole, cannot achieve any gain or loss, despite incurring expenses. If a separate account or pooled investment vehicle is concentrated in a position, as a result of two or more Sub-Advisers or Funds holding the same positions, the risks (or benefits) associated with such investments will be magnified.

**Limited Diversification.** The Firm generally seeks to diversify assets for its separate accounts or pooled investment vehicles through investments with various Sub-Advisers' or Underlying Funds' strategies. Such diversification may not be achieved as a result of insufficient investment opportunities or insufficient investable assets resulting from withdrawals or insufficient subscriptions by investors. In addition, although the diversification of separate accounts' or pooled investment vehicles' investments in a variety of securities and industries is intended to reduce separate accounts' or pooled investment vehicles' exposure to adverse events associated with specific issuers or industries, the number of investments by the Sub-Advisers or Underlying Funds may be limited, and the portfolios of some Sub-Advisers or Underlying Funds may be highly concentrated in particular companies, industries or countries.

As a consequence, a separate account or pooled investment vehicle's returns as a whole may be adversely affected by the unfavorable performance of even a single investment by a Sub- Adviser or Underlying Fund.

## **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 to obtain client and financial information, compromising the integrity of systems and client data (e.g., misappropriation of assets or sensitive information), or causing operational disruption through taking systems off-line (e.g., denial of service attacks).

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.

## **Item 9. Disciplinary Information**

From time to time, we and/or BNY Mellon may be involved in regulatory examinations or litigation that arise in the ordinary course of our business. At this time we are not aware of any regulatory matters or litigation that we believe would be material to an evaluation of our advisory business or integrity of our management.

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

As previously noted, the Firm is an indirect wholly-owned subsidiary of BNY Mellon.

### **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 worldwide 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, wealth management business and global distribution companies and is responsible, through various subsidiaries, for U.S. and non-U.S. retail, intermediary and institutional distribution of investment management and related services.

The Sub-Advisers or Underlying Funds, to which we allocate (or recommend allocation of) client assets, may enter into transactions with unaffiliated counterparties or third party service providers who then use our affiliates to execute such transactions. Additionally, they may effect transactions in American Depositary Receipts ("ADRs") or other securities and the involved issuers or their service providers may use affiliates for support services. Services may 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 may receive compensation for engaging in these transactions and/or providing services, the decision to use or not use an affiliate of ours would be 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 us about our business operations, including information about holdings within client portfolios, which is required for regulatory filings to be made by us or BNY Mellon or other affiliates (e.g., reporting beneficial ownership of equity securities) or for other compliance, financial, legal or risk management purposes, pursuant to policies and procedures of the Firm, BNY Mellon or other affiliates. This data is deemed highly confidential and procedures are followed to ensure that any information is utilized solely for the purposes intended.

### **BNY Mellon's Status as a Bank Holding Company**

BNY Mellon and its direct and indirect subsidiaries, including the Firm, are subject to certain U.S. banking laws, including the Bank Holding Company Act of 1956, as amended (the "BHCA"), to regulation and supervision by the Board of Governors of the Federal Reserve System (the "Federal Reserve"), and to the provisions of, and regulations under, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). The BHCA and the Dodd-Frank Act (and other applicable banking laws, and their interpretation and administration by the appropriate regulatory agencies, including but not limited to the Federal Reserve) may restrict the transactions and relationships among BNY Mellon, its affiliates (including us) and our



clients, and may restrict our investments, transactions and operations. For example, the BHCA regulations applicable to BNY Mellon and us may, among other things, restrict our ability to make certain investments or the size of certain investments, impose a maximum holding period on some or all of our investments, and restrict our ability to participate in the management and operations of the companies in which 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 client investment portfolios. For example, depending on the percentage of a company we and our affiliates (in the aggregate) control at any given time, the limits may: (1) restrict our ability to invest in a company for certain clients and/or (2) require us to sell certain client holdings of that company at a time when it may be undesirable to take such action. Additionally, BNY Mellon may in the future, in its sole discretion and without notice, engage in activities impacting us in order to comply with the BHCA or other legal requirements applicable to (or reduce or eliminate the impact or applicability of any bank regulatory or other restrictions on) us and accounts managed by us and our affiliates.

### **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 other “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 conflicts of interest (e.g., extensions of credit). The final Volcker Rule was jointly adopted by a group of U.S. federal financial regulators in December 2013 and was fully implemented by BNY Mellon by July 21, 2017.

The Volcker Rule generally prohibits certain transactions involving an extension of credit between BNY Mellon and its affiliates, on the one hand, and “covered funds” managed 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 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.

## **Affiliated Placement Agents**

We have affiliated “placement agents,” including BNYMSC, BNY Mellon Bank, N.A. and BNY Mellon Investment Management EMEA Limited, who solicit persons to invest in various private funds, as well as our separate account products. The Firm has entered into agreements with these placement agents to pay them commissions or fees for such solicitations. We or our affiliates are solely responsible for the payment of these commissions and fees - they will not be borne by the private funds and their investors. We or our affiliates pay these commissions and fees out of our profits, and these payments do not increase the fees paid by the private fund’s investors or our separate account clients. Nonetheless, these arrangements present a conflict of interest because they provide a financial incentive to the placement agents and their employees and/or salespersons to steer investors toward those private funds or separate account products that will generate higher commissions and fees. Please see Item 14 for more information on the compensation arrangements related to client referrals.

## **Affiliated Service Providers**

In addition, to the extent permitted under applicable law, placement agents and their respective affiliates may provide brokerage and certain other financial and securities services to us, our affiliates or related private funds. Such services, if any, will be provided at competitive rates. BNY Mellon is also affiliated with service providers, distributors and consultants that may provide services and may receive fees from BNY Mellon in connection with such services, which would incentivize such persons to distribute interests in a private fund or other BNY Mellon products.

## **Dual Officers and Employees**

*Please see Item 4 of this Brochure for a discussion regarding the Firm’s use of dual officers.*

## **Other Relationships**

From time to time, we may use investment management related services provided to us by “participating affiliates” (as such term is used in relief granted by the staff of the SEC in a series of no-action letters allowing a registered investment adviser to use portfolio management and trading and research services and resources provided by an unregistered foreign affiliate subject to the supervision of the registered adviser). We have entered into agreements with BNY Mellon Investment Management EMEA and BNY Mellon Wealth Management, Advisory Services, Inc. (“Participating Affiliates”) both affiliated asset management companies, pursuant to which it is considered that these Participating Affiliates and one or more of their employees are deemed to be “associated persons” of the Firm. In those capacities, the Participating Affiliates and one or more of their employees (subject to the Firm’s supervision) may provide portfolio management, research, client support, trading and related services in connection with our management of client accounts. The Participating Affiliates will act in accordance with the series of no-action letters referred to above requiring the Participating Affiliates to be subject to the supervision of the Firm and the SEC in the manner contemplated in such no-action letters. The Participating Affiliates have agreed to submit to the jurisdiction of U.S. courts for actions arising under the U.S. securities laws in connection with the investment management related activities provided for our U.S. clients and have appointed an appropriate agent for service of process in accordance with, and subject to



the requirements of, such no-action letters. Under these arrangements, the Firm pays the Participating Affiliates compensation for the services of the associated persons.

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

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

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

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

### **Affiliated Broker-Dealers and Investment Advisers**

We are affiliated with a significant number of advisers and broker/dealers. Please see 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 ADV, Part 1A – Schedule D, Section 7.B. for each of our affiliated investment advisers for information regarding such firm’s private funds (if applicable) and such firm’s Form ADV, Part 1A – Schedule D, Section 7.A. for information regarding related persons that serve in a sponsor, general partner or managing member capacity (if applicable).

Where an affiliated Sub-Adviser or Underlying Fund Manager select the broker to effect purchases or sales of securities for client accounts, they may use either an affiliated or unaffiliated broker (unless otherwise restricted by an agreement, law or regulation). An affiliated sub-adviser may have an incentive to enter into transactions with an affiliated broker-dealer, in an effort to direct more commission dollars to the affiliate. *Please refer to Item 12 for additional information.*

Affiliated Sub-Advisers or Funds 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.

### **Affiliated Underwriters**

Our broker-dealer affiliates occasionally act as underwriter or as a member of the underwriting syndicate for certain new issue securities, which presents a conflict of interest because it creates an incentive for affiliated Sub-Advisers or Underlying Funds to purchase these new issue securities, in an effort to provide additional fees to the broker-dealer affiliate.

BNY Mellon has established a policy regarding purchases of securities in an offering in which an affiliate acts as an underwriter or as a member of the underwriting syndicate. In compliance with applicable banking, securities and ERISA regulations, affiliated Sub-Advisers or Underlying Funds may purchase on behalf of our clients securities in an offering in which an affiliate is acting as an underwriter or as a member of the underwriting syndicate during the syndication period, so long as requirements of the policy, including written approval and compliance with certain investment criteria are met. The policy prohibits direct purchases from an affiliate for any fiduciary account under any circumstances. *Please refer to Item 12 for additional information.*

### **Affiliated Banking Institutions**

BNY Mellon engages in trust and investment business through various banking institutions, including the Bank and BNY Mellon, N.A. These affiliated banking institutions provide certain services to us, such as recordkeeping, accounting, marketing services and/or referral of clients. We 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 IM, and BNY Mellon EMEA.

We provide certain investment advice to the Bank. We also provide certain investment advisory to certain Bank clients and separately managed accounts (including separately managed accounts for which the Bank acts as trustee, custodian or investment manager). Certain of our officers are also officers of the Bank. In their capacity as officers of the Bank, our personnel provides discretionary and non-discretionary investment advisory services to certain clients and also to certain collective investment funds of the Bank and we may receive a fee for such services. In addition, our primarily institutional and employee benefit and foundation clients and our affiliated employee benefit plan may invest in certain collective investment funds of the Bank.

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, the Sub-Advisers or Underlying Fund managers' 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.

## **Item 11. 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 provides to employees the framework and sets the expectations for business conduct. In addition, it clarifies our responsibilities to clients, suppliers, government officials, competitors and the communities we serve and outlines important legal and ethical issues. Below are key principles of the BNY Mellon Code and an overview of areas covered by these 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 not driven by any personal interest or gain. We are alert to any potential conflict of interest and ensure we identify and mitigate or eliminate any such conflict.
3. Conducting Business: We secure business based on honest competition in the marketplace, which 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 that may be acceptable when dealing with a private company that is the client may cause problems or be a violation of law when working with a government.
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 every way that we interact with our communities and the public at large.

As a global financial institution, BNY Mellon and its subsidiaries (the “Company”) 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 for the Firm. Each of our employees is generally classified as follows:

Investment Employee (“IE”): IE is an employee who, in the normal conduct of his/her job responsibilities, has access (or are 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, is involved in making securities recommendations to advisory clients, or has access to such recommendations before they are public.

PSTP Overview:

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

- 4) We have a “Precognance Compliance Officer” who maintains a “restricted list” of companies whose securities are subject to trading restrictions. This list is used by the Preclearance Compliance Officer to determine whether or not to grant trading authorization;
- 5) The acquisition of any securities in a private placement requires prior written approvals;
- 6) With respect to transactions involving BNY Mellon securities, all employees are also prohibited from engaging in short sales, purchases on margin, option transactions (other than employee option plans), and short-term trading (*i.e.*, purchasing and selling, or selling and purchasing BNY Mellon securities within any 60 calendar day period);
- 7) For IEs, with respect to non-BNY Mellon securities purchasing and selling, or selling and purchasing the same or equivalent security within 60 calendar days is discouraged, and any profits must be disgorged; and
- 8) No covered employee should knowingly participate in or facilitate late trading, market timing or any other activity with respect to any fund in violation of applicable law or the provisions of such fund’s disclosure documents.

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

### **Interest in Client Transactions**

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

#### Principal Transactions

“Principal transactions” generally are 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; however, affiliated Sub-Advisers or Underlying Fund Managers may engage in principal transactions subject to the consent requirements under the Advisers Act and as permitted under applicable law. When they engage in a principal transaction, they may have an incentive to favor their own interests over the interests of our client.

In utilizing a manager of managers investment program, it is the Firm’s policy that neither we nor any of our officers or directors shall, as principal, buy securities for ourselves from, or sell securities we own to, any client, except as permitted by law. However, we are part of a

large diversified financial organization, which includes banks and broker-dealers. As a result, it is possible that a related person other than our officers and directors, may, as principal, purchase securities from, or sell securities to, our clients.

### Cross Transactions

“Cross Trades” are generally defined as transactions in which a person acts as an investment adviser in relation to a transaction in which such adviser, or any person controlling, controlled by, or under common control with such adviser, acts as broker for both such advisory client and for another person on the other side of the transaction. We do not engage in cross transactions; however, affiliated Sub-Advisers or Underlying Fund Managers may do so. Cross trades present conflicts of interest, as there may be an incentive for us to favor one client to the cross trade over the other. For example, if one client account pays performance fees to the Sub-Adviser or Underlying Fund Manager, while the other client account pays only asset-based fees, they would have a financial incentive to favor the performance fee paying account in the cross-trade. However, note that cross trades are subject to Advisers Act restrictions, and will only be undertaken by affiliated Sub-Advisers or Underlying Fund Managers as permitted under applicable law. We do not receive fees or commissions where affiliates make these trades.

### Transactions in Same Securities

Our affiliates or our personnel may invest, directly or indirectly, in the same securities that we, our Sub-Advisers 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 potential 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.

### **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 Item 10 and Item 12 for additional information relating to affiliate arrangements and with regard to purchases of securities in an offering where an affiliate acts as underwriter or a member of the underwriting. Please also see Schedule D, Section 7A of our Form ADV Part 1A for a list of broker-dealers which are our affiliates.



## **Item 12. Brokerage Practices**

### **Broker Selection**

The Firm utilizes "Manager-of-Managers" investment programs and as such does not typically engage with brokers or have broker selection practices. *Please refer to Item 10 for additional information concerning the Volcker Rule and its possible implications concerning the broker-dealer selection practices of our affiliated Sub-Advisers or Underlying Fund Managers.*

### **Conflicts of Interest Relating to Brokerage**

The portfolio turnover rates for the different Sub-Advisers or Underlying Funds selected by the Firm may vary significantly. In some cases, the investment program of the Sub-Advisers or Underlying Funds may emphasize short-term trading. Thus the portfolio turnover for certain of the Firm's separate accounts' or pooled investment vehicle's investments may be substantially greater than the turnover rates of other types of investment vehicles.

Each of the Sub-Advisers and Underlying Funds allocate brokerage transactions in securities for the respective accounts which they manage. Various brokers may be used to execute, settle and clear such transactions. In selecting brokers, a Sub-Adviser or Underlying Fund Manager may consider various factors, such as commission rate, execution capability, financial responsibility, responsiveness and the value of research and related products furnished. If the Sub-Adviser or Underlying Fund Manager determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and research services provided by the broker, the Sub-Adviser or Underlying Fund may pay a commission in a greater amount than that another broker might charge. Brokerage and research services include advice concerning the value or advisability of investing in or selling securities, furnishing analyses or reports concerning companies, industries, environmental and political factors or the effecting of trades and performing of functions incidental thereto. Such services are termed "soft dollar items."

Section 28(e) of the Securities Exchange Act of 1934 provides a safe harbor to an investment adviser that insulates it from state and federal breach of fiduciary duty claims (including ERISA claims) solely because the investment manager incurs brokerage commissions greater than the lowest commission available for executing a trade in return for research services and products. Soft dollar services received by the Sub-Advisers or Underlying Fund Managers are within the safe harbor provisions of Section 28(e) or are otherwise subject to their policies and procedures intended to mitigate potential conflicts of interest in this regard. The Firm does not have the authority to direct securities on behalf of our clients to broker-dealers.

Certain of the services and products received by the Sub-Advisers or Underlying Fund Managers may benefit 1) certain other accounts also under the management of the Sub-Adviser or Underlying Fund Manager; or 2) accounts of affiliates managed by employees of the Sub-Adviser or Underlying Fund Manager who are also employees of such affiliates.

Please review the Sub-Adviser's Form ADV and/or the applicable Fund's offering materials for



more specific information regarding brokerage practices.

### **Trade Allocation**

The Firm generally does not trade individual securities. Rather, we allocate and reallocate capital to Sub-Advisers or Underlying Funds who affect trades according to their strategy. It is the Firm's policy to allocate investments with Sub-Advisers or Underlying Funds among clients in a fair and equitable manner.

### **Directed Brokerage**

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

### **Model Portfolios**

Where the firm is an investment manager in Model Delivery Programs and the sponsor or other model recipient is responsible for trading, model changes will be communicated to such accounts either subject to a rotation methodology with like accounts/programs, behind fully discretionary accounts (sequenced trading), or alongside fully discretionary accounts with similar order instructions (contemporaneous trading). To the extent that accounts are part of a rotation methodology or sequenced it is possible that such accounts may suffer adverse effects on trade execution prices depending upon strategy, liquidity or market conditions. When contemporaneous trading occurs, given the potential market perception of supply (or demand) imbalance associated with multiple sellers (or buyers), it is possible that performance for both types of accounts could be affected, depending upon market conditions.

### **Item 13. Review of Accounts**

Our accounts are subject to oversight on an ongoing basis through daily interactions; regular staff meetings, manager and market reviews; regular compliance, risk and due diligence meetings; and monthly Asset Allocation Review and Portfolio Construction Review meetings. Concerns are resolved or escalated accordingly, and material events are reported promptly to clients. As part of its compliance regime, BNY Mellon also requires a monthly reporting of significant events or violations from all subsidiaries.

At least monthly, and more often as required by special circumstances (such as a relevant development in market conditions affecting one or more of the Sub-Advisers or Underlying Funds), the performance of each account is reviewed during the Performance and Investment Risk Oversight Review meeting. Each account's portfolio manager is responsible for reviewing and overseeing the accounts on a day-to-day basis.

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

### **Unaffiliated Solicitors and Placement Agents**

The Firm may hire third parties to solicit new investment advisory clients. The commissions or fees, if any, payable to such solicitors (also referred to as placement agents) with respect to solicitation of investments with us will be paid solely by us. Clients will not pay fees for these solicitations. These solicitors have an incentive for the client to hire us because we will pay the solicitor for the referral. The prospect of receiving solicitation/placement fees may provide such placement agents and/or their salespersons with an incentive to favor these sales over the sale of other investments with respect to which the placement agent does not receive such compensation or receives lower levels of compensation. In addition, to the extent permitted by law, certain placement agents and their respective affiliates may provide brokerage and certain other financial and securities services to us or our affiliates. Such services, if any, will be provided at competitive rates.

Some of the Firm's clients may retain consulting firms to assist them in selecting investment managers. Some consulting firms provide services to both those who hire investment managers and to investment management firms. The Firm may pay to attend conferences sponsored by consulting firms and/or purchase services from consulting firms where it believes those services will be useful to it in operating its investment management business. The Firm does not pay referral fees to consultants. However, the Firm's clients and prospective clients should be aware that consulting firms might have business relationships with investment management firms that they recommend to their clients.

From time to time, the Firm may enter into agreements with third parties, providing cash compensation to solicitors who secure clients for the Firm. These agreements require that the solicitor meet the disclosure and other requirements of Rule 206(4)-3 under the Advisers Act, and comply with the requirement that each client subject to a referral arrangement receive a copy of the referral agreement prior to or at the time of entering into an agreement with the Firm. They generally provide either for compensation equal to a specified percentage of fees received by the Firm from clients referred by the solicitor or for fixed compensation payable monthly or quarterly.

### **Affiliated Solicitors and Placement Agents**

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

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

In certain circumstances, BNY Mellon Investment Management sales representatives are paid fees for sales. The fees may be based on revenues and may be a one-time payment or paid out over a number of years. In addition, our sales representatives and sales representatives of our affiliates within the Investment Management Group are paid for intra-Group referrals to Group counterparts. Those fees are based on the first year's revenue for the Group counterpart.

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

Receipt of compensation in connection with the sale of our products and services gives rise to a conflict of interest in that it may give our sales representatives or affiliates an incentive to recommend investment products and services based on the compensation they will receive, rather than solely on a client's needs.

## **Item 15. Custody**

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

For purposes of the Custody Rule, we are deemed to have “custody” of certain client assets because client funds or securities are held by the Bank (a related person of the Firm).

Generally, an adviser that is deemed to have custody of a client’s funds or securities, among other things, is required to arrange for an annual independent verification of such funds or securities in accordance with the Custody Rule (the “Surprise Exam Requirement”). However, the Custody Rule contains the following exceptions from the Surprise Exam Requirement:

1. **Ability to Deduct Fees:** advisers deemed to have custody of client assets solely because of their ability to deduct fees from client accounts are not subject to the Surprise Exam Requirement. To the extent that such conditions are met with respect to certain clients, the Firm will rely upon this exemption to avoid a surprise exam for such clients.
2. **Related Person & Operational Independence:** advisers deemed to have custody of client assets solely because a related person holds client assets will not be subject to the Surprise Exam Requirement, provided the adviser and the related person are “operationally independent.” The Firm relies on this exemption and therefore has not arranged for a surprise exam for such clients. The Firm has determined that our operations are independent from those of the custodian bank.

**Separate Accounts:** You will receive account statements and other documents from your administrator or qualified custodian at least quarterly depending on your contract with us identifying the amounts of funds and each security in the account at the end of the period and setting forth all transactions in the account during that period. Please review these statements carefully. You may also receive account statements separately from us. You are strongly urged to compare the account statements you receive from us with those that you receive from your qualified custodian.

### **Physical Custody**

We do not maintain physical possession of client assets held in separately managed accounts. Typically each of our clients independently selects a custodian with whom it contracts directly. Our authority to instruct the client’s custodian is limited to that granted by the client to us in the investment management agreement.

## **Item 16. Investment Discretion**

We will typically accept discretionary investment authority over client assets, and clients must grant this discretionary authority to us in writing via a contract, and/or through an appointment to become the investment adviser of a separate account. In all cases, however, such discretion will be exercised in a manner consistent with the stated investment objectives and guidelines for the particular client account.

Clients must deliver their investment guidelines and restrictions to us in writing, and we will adhere to such guidelines and restrictions when making investment decisions, provided that such guidelines and restrictions have been agreed to by us in advance.

## **Item 17. Voting Client Securities**

The Securities and Exchange Commission (the “SEC”) adopted Rule 206(4)-6, which requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies effective August 6, 2003. The Firm’s general policy is that we do not vote proxies on behalf of our Manager-of-Managers Programs. Rather, proxies will be voted by the Sub-Advisers or Underlying Fund Managers. Please review the applicable Sub-Advisers’ Form ADV and/or the applicable Fund’s offering materials for further information regarding their voting of client securities.

## **Item 18. Financial Information**

In certain circumstances, registered investment advisers are required to provide you with financial information or disclosures about their financial condition in this Item. The Firm 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.