

# MBSC Securities Corporation

200 Park Avenue, New York, NY 10166

## **Form ADV Part 2A Disclosure Statement MBSC Firm Brochure March 29, 2019**

**This brochure (“Brochure”) provides information about the qualifications and business practices of MBSC Securities Corporation (“MBSC”). If you have any questions about the contents of this Brochure, please contact your program sponsor or us at 1-800-843-5466. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

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

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

***Clients of wrap fee programs should also review the wrap fee program Brochure provided by the program sponsor.***

***For program sponsors and clients of program sponsors that offer the models prepared by MBSC for BNY Mellon Select, this Brochure is provided for informational purposes only. MBSC does not act as an investment adviser or fiduciary to clients of program sponsors that offer the BNY Mellon Select models.***

**Item 2. Material Changes**

We may update this document at any time but are required to promptly send clients a copy of any material changes to our disclosures upon doing so. In addition, we will also deliver an annual summary of all material changes that occur to this Brochure along with an offer to provide you with a current version.

MBSC's last annual update of this Brochure was on March 30, 2018. There have been no material changes since that date.

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## **Item 4. Advisory Business**

### **Introduction**

MBSC Securities Corporation (“MBSC,” “Firm,” “We,” “Our” or “Us”) is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”) and as a broker-dealer under the Securities Exchange Act of 1934 (the “1934 Act”); is a member of the Financial Industry Regulatory Authority (FINRA); and is registered with the National Futures Association (NFA) as an introducing broker. MBSC is a corporation organized under the laws of the State of New York, a direct wholly-owned subsidiary of The Dreyfus Corporation (“Dreyfus”) and an indirect subsidiary of The Bank of New York Mellon Corporation (“BNY Mellon”). MBSC has been providing investment advisory services to individuals and institutions since 2001.

We provide investment advisory services to primarily retail investors by sub-advising separate account portfolios (with respect to traditional wrap programs) or by providing model portfolios (with respect to model portfolio wrap programs) to wrap programs sponsored by banks, broker-dealers and other financial intermediaries (“Wrap Programs”). In a traditional Wrap Program, MBSC executes securities transactions in an account in the name of the Wrap Program participant (“Wrap Client(s)”), subject to any investment restrictions specified by the Wrap Client. In model portfolio Wrap Programs, MBSC provides model portfolios to the Wrap Program sponsor, who then executes securities transactions on behalf of the Wrap Clients. We do not have discretionary authority with respect to any Wrap Client accounts in model portfolio Wrap Programs. MBSC provides portfolio management services to the Wrap Clients pursuant to an agreement with the Wrap Program sponsor. The sponsors of the Wrap Programs may be referred to throughout this Brochure individually as a “Program Sponsor” and collectively as “Program Sponsors.”

MBSC also acts as a model provider for BNY Mellon Select (“Select Program”) where we provide certain model portfolios consisting only of mutual funds advised by Dreyfus (“Dreyfus Funds”) to Program Sponsors for use by the Program Sponsors, at their discretion, with their clients.

MBSC may also give advice to a municipal entity or obligated person regarding the investment of proceeds of a municipal security, and this will be done in our investment adviser capacity. Please see Item 7 of this Brochure for more information on these types of clients.

As described in more detail below, we also offer advisory services not described in this Brochure, in particular as the program sponsor of a wrap fee program. If you would like more information, please consult our Form ADV Part 2A Appendix 1 - Wrap Fee Program Brochure, which is available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

***I. Wrap Programs***

MBSC provides investment advisory services to Wrap Clients of Program Sponsors of the Wrap Programs. Wrap Clients in Wrap Programs may include individual and institutional investors. With respect to “single contract” Wrap Programs, a Wrap Client enters into an advisory agreement with the Program Sponsor and the Program Sponsor enters into a sub-advisory agreement with MBSC. With respect to “dual contract” Wrap Programs, a Wrap Client enters into an advisory agreement directly with MBSC, in addition to entering into a Wrap Program agreement with the Program Sponsor. Though MBSC’s discretionary investment advisory services to Wrap Clients of traditional Wrap Programs are currently all provided under single contract Wrap Programs, we may offer discretionary investment advisory services to both single and dual contract Wrap Programs.

In connection with these Wrap Programs, MBSC may engage affiliated or non-affiliated investment managers (each a “Delegated Manager”) to perform certain investment advisory services on MBSC’s behalf, including providing investment recommendations to MBSC based on a particular investment strategy (the “Strategy (ies)”). Pursuant to MBSC’s engagement of a Delegated Manager, MBSC may delegate all or a portion of its investment strategy discretion to a Delegated Manager while retaining trading discretion over the Wrap Client’s account to the extent that it is a traditional Wrap Program account. The Delegated Manager is responsible for monitoring, evaluating and adjusting the investment recommendations based on the Delegated Manager’s investment research, experience and judgment. Currently, Newton Investment Management (North America) Limited (“Newton”) and Walter Scott & Partners Limited (“Walter Scott”), investment managers affiliated with MBSC, have each been engaged by MBSC as a Delegated Manager.

In connection with traditional Wrap Programs, MBSC may perform some or all of the following services:

- providing investment advisory services for Wrap Client accounts;
- facilitating trading for Wrap Client accounts with Program Sponsors and other broker/dealers;
- managing Wrap Client accounts and implementing the Delegated Manager’s investment strategy recommendations;
- monitoring the Delegated Manager’s strategy guidelines and the Wrap Clients’ investment guidelines
- participating in consultations with financial advisors of the Program Sponsors regarding administration of Wrap Client accounts;
- undertaking secondary suitability reviews;
- facilitating the instructing of corporate actions;
- conducting proxy voting on a Wrap Client’s behalf if so directed; and
- filing certain regulatory reports

Portfolio transactions for Wrap Clients of traditional Wrap Programs are generally directed by MBSC to the Program Sponsor for execution but may also, in certain circumstances, be directed to a non-sponsoring broker-dealer in an effort to seek best execution. Please see Item 12 of this Brochure for more information

about the selection of brokers for Wrap Clients.

In connection with model portfolio Wrap Programs, MBSC may perform the following services:

- facilitating model delivery to the Program Sponsor;
- facilitating the instructing of corporate actions;
- conducting proxy voting on a Wrap Client's behalf if so directed; and
- filing certain regulatory reports.

MBSC has the right, at its discretion, to decline to provide investment advisory services, on a case-by-case basis, to new Wrap Program Clients of Program Sponsors.

In addition to providing investment advisory and related services for Wrap Programs, MBSC may be retained by affiliated and non-affiliated investment managers to provide administrative and support services ("Administrative Services") in connection with the investment advisory services that such managers have agreed to perform for wrap accounts of financial services firms who sponsor wrap fee investment programs.

***Wrap Clients of these Wrap Programs should also review the Brochures of the Delegated Manager and Program Sponsor, which will contain additional information about each of those firm's investment advisory services.***

## **II. BNY Mellon Select**

MBSC acts as a model provider for the Select Program and, as such, provides certain proprietary asset allocation mutual fund model portfolios ("Select Models") to unaffiliated third party financial services firms ("Select Program Sponsors") for use with their clients ("Select Clients"). MBSC utilizes the services of an affiliated investment adviser, BNY Investment Strategy and Solutions Group, LLC ("ISSG"), to provide the asset allocation of the Select Models and select the mutual funds for inclusion in the Select Models, subject to review and approval by MBSC's Dreyfus Advisor Services Product Review Group ("Product Review Group"). Each of the three Select Models in the Select Program is comprised solely of Dreyfus Funds. The three Select Models are:

1. Long-Term Growth
2. Moderate Growth
3. Conservative Growth

For Select Clients participating in the Select Program, the Select Program Sponsor will establish and maintain a Select Client account on behalf of each Select Client through Lockwood Advisors, Inc. ("Lockwood"), an affiliate of MBSC.

***Other Accounts*****MBSC's Role as a Program Sponsor to a Wrap Fee Program: Dreyfus Managed Asset Program**

MBSC also offers a proprietary wrap program, the Dreyfus Managed Asset Program<sup>SM</sup> ("DMAP"), for which MBSC serves as the program sponsor. DMAP clients may invest in (i) Dreyfus Funds or a combination of Dreyfus Funds and selected mutual funds from third party mutual fund families, (ii) equity investment strategies through one or more separately managed accounts managed by professional investment advisory firms, including MBSC, (iii) municipal bonds through a separately managed account managed by Mellon Investments Corporation, an affiliate of MBSC, or (iv) a combination of these products. For more detail on DMAP, please refer to MBSC's Form ADV Part 2A Appendix 1 - Wrap Fee Program Brochure, available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

***Assets under Management***

As of December 31, 2018, we managed \$1.483 billion for clients, of which \$795.8 million was on a non-discretionary basis and \$687.2 million was on a discretionary basis.

**Item 5. Fees and Compensation**

Fees for MBSC's investment advisory services are described in the sections below. As a dually-registered investment adviser and broker-dealer, the investment advisory services that we perform are separate and distinct from the brokerage services we perform, and each is governed by different laws and contractual arrangements. While there may be certain similarities between the brokerage and advisory services we provide depending on the capacity in which we act, our contractual relationship and legal duties, including the fees we charge to clients, are subject to a number of important differences.

**Wrap Programs**

Generally, in a Wrap Program, the Program Sponsor charges the Wrap Client an inclusive ("wrap") fee that covers various costs relating to the management of the Wrap Client's account. This wrap fee typically includes brokerage transaction and clearing charges, custodian fees, investment advisory fees, and any other applicable fees for related services. Typically, the Wrap Client is introduced to the Strategy by the Wrap Client's financial advisor, who is employed by the Program Sponsor. Some Wrap Programs may not charge a wrap fee and may, instead, bill separately for each service provided. With respect to "dual contract" Wrap Programs, the investment advisory fee may not be included in the Sponsor's wrap fee; in such cases, the Wrap Client may pay the fee directly to MBSC.

Except with respect to dual contract arrangements, the Program Sponsor's Wrap Clients generally do not pay a fee directly to MBSC and have limited direct contact with MBSC. The Program Sponsor typically pays MBSC a portion of the total managed account program fee paid to the Program Sponsor by the Wrap Client. This typically ranges from 0.30% to 0.50% annually, depending on the Program Sponsor, the type

of account, the level of support provided by MBSC and the size of the Wrap Client's assets in the specific Strategy. In addition, and as described above, MBSC may be retained by affiliated and non-affiliated investment managers to provide administrative and support services in connection with the investment advisory services that such managers have agreed to perform for wrap accounts of financial services firms who sponsor wrap fee programs. In such cases, MBSC is paid a fee by those investment managers for providing such administrative and support services.

In traditional Wrap Programs, trade execution is generally conducted through the Program Sponsor unless trade execution with a non-sponsoring firm may result in more favorable execution for the Wrap Client. Trade execution with a non-sponsoring firm may result in additional fees to the Program Sponsor's Wrap Clients. Please also refer to Item 12 of this Brochure (**Brokerage Practices**) for more information about trade execution with non-sponsoring firms.

Depending on the amount of activity in an account, the fees for a Wrap Program may result in higher costs than a Wrap Client might otherwise incur by establishing separate arrangements for trade execution, custody, investment advice and other account-related services. Wrap Clients may wish to periodically evaluate whether the total fee for a particular Wrap Program is appropriate to their needs.

**Conflicts of Interest Related to Wrap Programs**

MBSC has certain representatives who, among other things, market the Strategies advised by the Delegated Managers to Program Sponsors. Program Sponsors may then recommend the Strategies to their Wrap Clients. MBSC may compensate its representatives more for successfully marketing certain Strategies over others. The compensation paid by MBSC to its representatives for marketing the Strategies is made solely by MBSC out of its own assets. These payments present a conflict of interest because the MBSC representatives have an incentive to promote Strategies to Program Sponsors based on the potential for compensation rather than the needs of a Program Sponsor's Wrap Client.

***For more information on fees and compensation, please see the Wrap Program Brochure you receive from your Program Sponsor.***

**BNY Mellon Select**

Select Clients may pay an advisory fee to the Select Program Sponsor, and will also pay a proportionate share of the fees and expenses of the Dreyfus Funds in which their account is invested. Select Clients should review the Select Program Sponsor's wrap fee program brochure for more information about fees and compensation, including the Program Sponsor's advisory fees.

MBSC or an affiliate may provide services to any Dreyfus Fund in the Select Program and receive fees for those services from such Dreyfus Fund or one or more of such Dreyfus Fund's other service providers. Typically, these fees will be based on the value of a Dreyfus Fund's total assets or the amount of Select Client account assets invested in a Dreyfus Fund through the Select Program. MBSC or an affiliate may



receive from certain Dreyfus Funds in the Select Program distribution or “12b-1” fees in an amount up to 0.25% of Account assets invested in such Dreyfus Funds, plus shareholder servicing fees. Effective as of the date of this Brochure, lower expense (“I” or equivalent) share classes, where available, were made available for the Dreyfus Funds in the Select Program; such “I” or equivalent share classes incur no 12b-1 or shareholder servicing fees. The compensation received by MBSC or its affiliates varies from Dreyfus Fund to Dreyfus Fund and is described in general terms in each Dreyfus Fund’s prospectus or statement of additional information. Neither MBSC nor its affiliates will receive any sales commissions or charges, fees, discounts, penalties or adjustments in connection with the purchase, holding, exchange, termination or sale of any shares of the Dreyfus Funds in the Select Program.

**Conflicts of Interest Related to BNY Mellon Select**

Our parent company, Dreyfus, receives advisory fees for its management of the Dreyfus Funds that are included in the Select Models and Dreyfus may, in turn, pay affiliates sub-advisory fees in connection with providing sub-advisory services to the Dreyfus Funds. As described above, ISSG provides the asset allocation of the Select Models and selects the Dreyfus Funds for inclusion in the Select Models, subject to review and approval by the Product Review Group, which may create a conflict of interest in that such recommendations may favor certain Dreyfus Funds over others, including Dreyfus Funds that pay Dreyfus higher advisory fees. Fees received by Dreyfus for its management of the Dreyfus Funds are disclosed in each Dreyfus Fund’s prospectus, which the Select Program Sponsor is responsible for providing to the Select Client. This conflict is mitigated by the Product Review Group’s review and approval of the Select Models. Further, MBSC relies on the Select Client, in consultation with the Select Program Sponsor, to make the decision as to whether to choose a Select Model to use in a Select Client’s account. Select Clients will work directly with their Select Program Sponsor, who is not affiliated with MBSC or Dreyfus, in determining whether or not the Select Models are appropriate for their needs. Fund fees and expenses are charged directly to assets invested in the Dreyfus Funds and are reflected in each Dreyfus Fund’s net asset value. Each Dreyfus Fund’s expense ratio (the total amount of fees and expenses charged by the Fund) is stated in its prospectus. The expense ratio generally reflects the costs incurred by shareholders during the Dreyfus Fund’s most recent fiscal reporting period. Current and future expenses may differ from those stated in the prospectus. A Dreyfus Fund may also assess, and not waive, a redemption fee on certain transaction activity in accordance with its prospectus. Please see the Dreyfus Funds’ prospectuses for more detailed information regarding fees and expenses. The Select Program Sponsor is responsible for providing the Dreyfus Funds’ prospectuses to the Select Client.

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

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

We have not entered into performance-based fee arrangements with our clients. However, our Delegated Managers may enter into performance-based fee arrangements with their clients. For more detailed

information about such arrangements, including how our Delegated Managers' performance fees are calculated, please see the respective Delegated Manager's firm brochure.

"Side-by-side management" refers to our simultaneous management of multiple types of client accounts/investment products. For example, we or our Delegated Managers may simultaneously manage separate accounts, managed accounts and pooled investment vehicles for clients. Our clients have a variety of investment objectives, policies, strategies, limitations and restrictions. Our affiliates likewise manage a variety of separate accounts, managed accounts, and pooled investment vehicles.

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

Note that we manage our accounts consistent with applicable law, and we and our Delegated Managers follow procedures that are reasonably designed to treat our clients fairly and to prevent any client or group of clients from being systematically favored or disadvantaged. For example, we and our Delegated Managers have trading policies and procedures which are designed and implemented to help ensure that all clients are treated fairly and equally, and to prevent these conflicts from influencing the allocation of investment opportunities between and among clients. Please see Item 12 of this Brochure (and Item 12 of our Delegated Managers' firm Brochures) for more information.

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

We and our Delegated Managers manage numerous accounts with a variety of strategies, which may present conflicts of interest. For example, a long/short position in two client accounts simultaneously can result in a loss to one client based on a decision to take a gain in the other. Taking concurrent conflicting positions in certain derivative instruments can likewise cause a loss to one client and a gain to another.

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

We and our Delegated Managers 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 other clients which may differ from the advice given, or the timing or nature of action taken, with respect to another client. 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 may decide to invest some or all of our temporary investments in money market accounts advised or managed by a BNY Mellon affiliate. We have an incentive to allocate investments to these types of affiliated accounts in order to generate additional fees for us or our affiliates.

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

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

**Other Conflicts of Interest**

As noted previously, we and our affiliates manage numerous accounts with a variety of interests. This necessarily creates potential conflicts of interest for us. For example, we or our Delegated Managers may cause multiple accounts to invest in the same investment. Such accounts may have conflicting interests and objectives in connection with such investment, including differing views on the operations or activities of the portfolio company, the targeted returns for the transaction and the timeframe for and method of exiting the investment. Conflicts may also arise in cases where multiple MBSC and/or affiliate client accounts are invested in different parts of an issuer’s capital structure. For example, one of our client accounts could acquire debt obligations of a company while an affiliate’s client account acquires an equity investment. In negotiating the terms and conditions of any such investments, we may find that the interests of the debt-holding client accounts and the equity holding client accounts may conflict. If that issuer encounters financial problems, decisions over the terms of the workout could raise conflicts of interest (including, for example, conflicts over proposed waivers and amendments to debt covenants). For example, debt holding accounts may be better served by a liquidation of an issuer for which they could be paid in full, while equity holding accounts might prefer a reorganization of the issuer that would have the potential to retain value for the equity holders. As another example, holders of an issuer’s senior securities may be able to act to direct cash flows away from junior security holders, and both the junior and senior security holders may be Firm client accounts. **It is important to note that when we act as your broker-dealer, we do not enter into a fiduciary relationship with you. Absent special circumstances, we are not held to the same legal standards that apply when we have a fiduciary relationship with you, as we do when providing investment advisory services. Our legal obligations to disclose detailed information to you about the**

**nature and scope of our business, personnel, fees, conflicts between our interests and your interests and other matters are more limited than when we have a fiduciary relationship with you.**

## **Item 7. Types of Clients and Account Requirements**

### **Types of Clients**

As discussed in Item 4 (**Advisory Business**) above, we provide an array of investment advisory services to individual investors and other clients of Program Sponsors of Wrap Programs. To the extent that we are providing advice to a municipal entity or obligated person regarding the investment of proceeds of a municipal security, this will be done in our investment adviser capacity.

Please review the wrap fee program brochure from your Program Sponsor for more information on types of clients and account requirements for the Program Sponsor's Wrap Programs. Please see your Select Program Sponsor's wrap fee program brochure for more information on the types of clients and account requirements for the Select Program. Lastly, for information on DMAP, please refer to our Form ADV Part 2A Appendix 1 - Wrap Fee Program Brochure, available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

### **Wrap Programs**

*Clients should review the brochure of the firm acting as Delegated Manager, which will contain additional information about that firm's methods of analysis, investment strategies and risk of loss. In addition, the investment strategies and associated risks for Wrap Programs are described in the offering materials provided by the Program Sponsor.*

### **BNY Mellon Select**

For Select Clients participating in the Select Program, the Select Program Sponsor will establish and maintain a Select Client account on behalf of each Select Client through Lockwood.

The Select Models enable a Select Client to invest in a variety of Dreyfus Funds, all of which are advised by Dreyfus and which may be sub-advised by affiliates of MBSC. ISSG provides the asset allocation of the Select Models and selects the Dreyfus Funds for inclusion in the Select Models, subject to review and approval by the Product Review Group.

MBSC will review the asset allocation of the Select Models periodically, but no less frequently than quarterly, to verify consistency with the stated investment objectives associated with the particular Select Model. MBSC will provide any updates to the asset allocation of the Select Models or the Dreyfus Funds

in the Select Models to the Select Program Sponsor for its review and approval before such updated Select Models are implemented into a Select Program. Finally, MBSC will provide the Select Program Sponsor with a list of Dreyfus Funds to be included in the Select Models and will provide the Select Program Sponsor with notice of any updates to such list of Dreyfus Funds.

Select Program Sponsors are responsible for accepting Select Clients into the Select Program and for implementing, to the extent reasonable and feasible, any Select Client directed restrictions. Any requests for the imposition of such restrictions will be reviewed by the Select Program Sponsor on a case by case basis and the Select Program Sponsor, in its sole discretion, may decline to accept a Select Client if it determines that it is unable to implement one or more Select Client directed restrictions.

The Select Models are based on hypothetical scenarios, are intended to be generic, and are not designed for any particular investor or client. MBSC has granted certain Select Program Sponsors a non-exclusive license to use the Select Models for purposes of providing investment management services to their clients in the Select Program Sponsor's advisory programs. The Select Program Sponsor acts as an investment adviser and fiduciary to Select Clients and Select Clients should read their Select Program Sponsor's wrap fee program Brochure carefully for more information about the Select Program available to them.

### **Risk of Loss**

Each Strategy we offer invests in a variety of securities and employs a number of investment techniques that involve certain risks. Investing in securities involves risk of loss that you should be prepared to bear.

### **Summary of Material Risks**

The table below and section that follows sets forth information concerning the material risks involved with each Strategy. An "X" in the table indicates that the Strategy involves the corresponding risk. An empty box indicates that the strategy does not involve the corresponding risk in a material way.

**However, an empty box does not guarantee that the strategy will not be subject to the corresponding risk.**

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

<b>Risk Type</b>	<b>Mutual Funds *</b>	<b>Wrap Program Accounts</b>
General risks	X	X
Clearance and settlement risk	X	X
Credit risk	X	X
Derivatives risk	X	

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<b>Risk Type</b>	<b>Mutual Funds *</b>	<b>Wrap Program Accounts</b>
Emerging market risk – equities	X	X
Emerging market risk – fixed income	X	
Foreign currency risk	X	X
Foreign government obligation risk	X	
Foreign investment risk	X	X
Interest rate risk	X	X
Issuer risk	X	X
Leverage risk	X	
Liquidity risk	X	X
Market risk	X	X
Risk of warrants and rights	X	X

\* Reflects risks of investments in the Dreyfus Funds used in the Select Program.

**General Risks:**

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

**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.

*Additional risks that may be applicable to investments in Dreyfus Funds in the Select Program are available in each Fund's Prospectus or Statement of Additional Information which are available on [dreyfus.com](http://dreyfus.com) or by calling Dreyfus at 1-800-843-5466.*

## **Item 9. Disciplinary Information**

### **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 the integrity of our management.

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

In addition to being registered as an investment adviser under the Advisers Act, MBSC is also registered as a broker-dealer under the Securities Exchange Act of 1934, and is a member of FINRA.

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

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

We may enter into transactions with unaffiliated counterparties or third party service providers who then use affiliates of ours to execute such transactions. Additionally, we 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 provided by our affiliates to such unaffiliated counterparties, third party service providers and/or issuers 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 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 is made by the unaffiliated counterparty, third party service provider or issuer. Further, we will likely be unaware that the affiliate is being used to enter into such transaction or service.

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

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

BNY Mellon and its direct and indirect subsidiaries, including us, are subject to 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 that 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 otherwise “covered fund”, with the exception, in some instances, of maintaining a de minimis investment, subject to certain other conditions and/or exceptions, (ii) engaging in proprietary trading, and (iii) entering into certain transactions involving 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 in executing transactions for certain funds through broker-dealers that utilize a BNY Mellon affiliate as their securities clearance firm. Such restriction could prevent us from executing transactions through broker-dealers we would otherwise use in fulfilling our duty to seek best execution.

**Dual Officers and Employees**

Certain employees of our Delegated Managers act as officers of The Bank of New York Mellon (the “Bank”), an affiliated New York chartered bank, and as employees of Dreyfus, an affiliated registered investment adviser, for the purpose of performing investment management and related functions. In their capacities as officers of the Bank, these personnel provide discretionary investment advisory services to certain clients and collective investment funds of the Bank and receive a fee for such services. In their capacities as Dreyfus employees, these personnel provide investment advisory services to certain affiliated registered investment companies. For such services, the Delegated Managers receive a portion of the investment management fee received by Dreyfus from each investment company to which it renders advice.

**Other Relationships**

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

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

BNY Mellon, among several other leading investment management firms, has a minority equity interest in 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**

MBSC is affiliated with a significant number of advisers and broker/dealers. Please see our Form ADV, Part 1A - Schedule D, Section 7.A for a list of our affiliated advisers and broker-dealers. Several of our investment adviser affiliates have, collectively, a significant number of investment-related private funds for which a related person serves as sponsor, general partner or managing member (or equivalent), respectively. Please refer to the Form ADV, Part 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 we select the broker to effect purchases or sales of securities for client accounts, we may use either an affiliated or unaffiliated broker (unless otherwise restricted by an agreement, law or regulation). We may have an incentive to enter into transactions with an affiliated broker-dealer, in an effort to direct more commission dollars to our affiliate.

We have broker selection policies in place that require our selection of a broker-dealer to be consistent with our duties of best execution, and subject to any client and regulatory proscriptions. Please see Item 12 of our Delegated Managers’ firm Brochures for more information.

We 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. Due to local market rules associated with aggregation of security ownership with our affiliates we may be prevented from owning more of a particular security that we would otherwise want to own for client accounts. Please also refer to Item 12 of our Delegated Managers’ Brochures for a discussion of trade aggregation issues.

#### **Affiliated Banking Institutions**

BNY Mellon engages in trust and investment business through various banking institutions, including the Bank and BNY Mellon, National Association. These affiliated banking institutions may provide certain services to us, such as recordkeeping, accounting, marketing services, and referrals of clients. We may

provide the affiliated banking institutions with sales and marketing materials regarding our investment management services that may be distributed under the name of certain marketing “umbrella designations” such as BNY Mellon, BNY Mellon Wealth Management, BNY Mellon IM, and BNY Mellon EMEA.

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

**Other Business Activities of MBSC and its Affiliates**

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

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

The Dreyfus Funds in the Select Program are affiliates of MBSC and Dreyfus, with MBSC serving as distributor and Dreyfus serving as investment adviser. MBSC, Dreyfus and certain affiliates will receive fees for the services they provide to the Dreyfus Funds. Receipt of these fees by MBSC, Dreyfus and their affiliates may present a conflict of interest because MBSC may have an incentive to include some Dreyfus Funds in the Select Models over other Dreyfus Funds, in particular where the inclusion of certain Dreyfus Funds results in higher fees being received by MBSC, Dreyfus or their affiliates. These fees are disclosed in each Dreyfus Fund’s prospectus which the Select Program Sponsor is responsible for providing to the Select Client. This conflict is mitigated by the fact that MBSC relies on the Select Client, in consultation with the Select Program Sponsor, to make the decision as to whether to choose a Select Model to use in a Select Client’s account. Select Clients will work directly with their Select Program Sponsor, who is not affiliated with MBSC, in determining whether or not the Select Models are suitable for their needs. By removing itself from the decision making process, MBSC mitigates the conflict of interest as to whether the Select Client elects a Select Model or a different available option.

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

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

## **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: Mutual respect and professional treatment; harassment-free environment; safety and security; and managers' responsibilities.
2. Avoiding Conflicts: Gifts and entertainment; outside employment and business dealings; outside service as a director, trustee, officer, investment committee member, partner or business owner of a for-profit business or a not-for-profit organization; ownership of an outside business; fiduciary appointments; personal investment decisions; dealing with family and close personal friends; and corporate opportunities.
3. Conducting Business: fair competition and anti-trust; anti-corruption and improper payments; and combating financial crime and money laundering.
4. Working With Governments: Know the restrictions or limitations on presenting and receiving hospitality; observe a higher standard of care; and cooperate with government investigations and audits.

5. Protecting Company Assets: Financial integrity; additional standards for senior financial professionals; use of company assets; protecting client and employee records and observing our privacy principles; global records management program; use of computers, systems and corporate information; and inside or proprietary information;
6. Supporting Our Communities: Political activities; investor and media relations; charitable contributions and corporate sponsorship; and participating in trade associations, conferences and speaking engagements.

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. Each of our employees is classified as one of the following:

1. 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 (defined as a fund sponsored, managed or subadvised by BNY Mellon or any of its affiliates), is involved in making securities recommendations to advisory clients, or has access to such recommendations before they are public.
2. Access Decision Maker (“ADM”): Generally, employees are considered to be ADM Employees if they are portfolio managers or research analysts and make or participate in recommendations or decisions regarding the purchase or sale of securities for mutual funds or managed accounts. Portfolio managers of broad-based index funds and traders are not typically classified as ADM Employees.
3. Non-Classified Employee: Our employees are considered non-classified if they are not an IE or ADM.

**PSTP Overview:**

1. IEs and ADMs are subject to preclearance and personal securities reporting requirements, with respect to discretionary accounts in which they have direct or indirect ownership.

2. Transaction reporting is not required for non-discretionary accounts, transactions in exempt securities or certain other transactions that are not deemed to present any potential conflicts of interest.
3. Preclearance is not required for transactions involving certain exempt securities (such as open-end investment company securities that are not Proprietary Funds or money market funds and short-term instruments, non-financial commodities; transactions in non-discretionary accounts (approved accounts over which the employee has no direct or indirect influence or control over the investment decision-making process); transactions done pursuant to automatic investment plans; and certain other transactions detailed in the PSTP which are either involuntary or deemed not to present any potential conflict of interest.
4. We have a “Preclearance Compliance Officer” who maintains a “restricted list” of companies whose securities are subject to trading restrictions. This list is used by the Preclearance Compliance Officer to determine whether or not to grant trading authorization.
5. The acquisition of any securities in a private placement requires prior written approvals.
6. With respect to transactions involving BNY Mellon securities, all employees are also prohibited from engaging in short sales, purchases on margin, option transactions (other than employee option plans), and short-term trading (*i.e.*, purchasing and selling, or selling and purchasing BNY Mellon securities within any 60 calendar day period).
7. For IEs and ADMs, with respect to non-BNY Mellon securities, purchasing and selling, or selling and purchasing the same or equivalent security within 60 calendar days is discouraged, and any profits must be disgorged.
8. No covered employee should knowingly participate in or facilitate late trading, market timing or any other activity with respect to any fund in violation of applicable law or the provisions of such fund’s disclosure documents.

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.

*Wrap Program clients should also review the brochures of the Delegated Managers and/or Program Sponsors, as applicable, which will contain additional information about those firms' investment advisory services. Select Clients should review the Select Program Sponsor's wrap fee program brochure for more information about that firm's investment advisory services.*

**Principal Transactions**

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

It is our policy that neither we nor any of our officers or directors shall, as principal, buy securities for itself from, or sell securities it owns to, any client. 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**

We do not engage in cross transactions.

**Transactions in Same Securities**

We or our affiliates may invest in the same securities that we or our affiliates recommend to clients. When we or an affiliate currently holds for our own benefit the same securities as a client, we could be viewed as having 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.

**Interests in Recommended Securities/Products**

We or our affiliates may recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that we or one of our affiliates buys or sells the same securities for our (or the affiliate's) own account. This practice may give rise to a variety of potential conflicts of interest, particularly with respect to aggregating, allocating and sequencing securities being purchased on both our (or its affiliate's) behalf and our clients' behalf. For example, we could have an incentive to cause a client or clients to participate in an offering because we desire to participate in the offering on our own behalf, and would otherwise be unable to meet the minimum purchase requirements. Likewise, we could have an incentive to



cause our clients to participate in an offering to increase our overall allocation of securities in that offering, or to increase our ability to participate in future offerings by the same underwriter or issuer.

On the other hand, we could have an incentive to cause our clients to minimize their participation in an offering that has limited availability so that we do not have to share a proportionately greater amount of the offering to the client. Allocations of aggregated trades might likewise raise a potential conflict of interest as we may have an incentive to allocate securities that are expected to increase in value to ourselves. See Item 12 of the Brochure for a discussion of our brokerage and allocations practices and policies. Further, a potential conflict of interest could be viewed as arising if a transaction in our own account closely precedes a transaction in related securities in a client account, such as when a subsequent purchase by a client account increases the value of securities that were previously purchased for ourselves.

On occasion, we may recommend the purchase or sale of, or purchase or sell, securities that are issued by our parent company, BNY Mellon, or underwritten by its affiliate, BNY Mellon Capital Markets, LLC, for client accounts if such recommendation or purchase or sale is in accordance with the client's guidelines and applicable law.

#### **Investments by Related Persons and Employees**

We and our existing and future employees, our board members, and our affiliates and their employees may from time to time invest in products managed by us. We have developed policies and procedures to address any conflicts of interest created by such investment. We are part of a large diversified financial organization that includes banks and broker-dealers. As a result, it is possible that a related person may, as principal, purchase securities or sell securities for itself that we also recommend to clients. We do permit our employees to invest for their own account within the guidelines and restrictions of the Code of Ethics, as described above. For more information, please see "Interests in Recommended Securities/Products" in this Item 11, and "Dual Officers and Employees" in Item 10 of this Brochure.

#### **Agency Transactions Involving Affiliated Brokers**

Neither we, nor any of our officers or directors, acting as broker or agent, effects 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 additional information relating to affiliate arrangements and with regard to purchases of securities in an offering where an affiliate acts as underwriter or a member of the underwriting. Please also see Schedule D, Section 7A of our Form ADV Part 1 for a list of broker-dealers which are our affiliates.



## **Item 12. Brokerage Practices**

### **Execution, Clearance, Administrative and Custodial Services for the Select Program**

For the Select Program, the delivery of clearing, custody, statements and confirmations will be provided by Lockwood, through a clearing and custody arrangement with Lockwood's affiliate, Pershing LLC. Broker-dealer services will be provided by the Select Program Sponsor or a financial institution designated by the Select Program Sponsor.

### **Wrap Programs**

For model portfolio Wrap Programs, MBSC provides the model portfolios to the Program Sponsor, who then executes securities transactions on behalf of the Wrap Clients.

For traditional Wrap Programs, MBSC executes client transactions in wrap accounts generally through the Program Sponsor unless executing trades with a non-sponsoring firm may result in more favorable execution to the client. Accordingly, to facilitate obtaining best execution for clients, MBSC may, at its discretion, facilitate trade execution for client transactions with a non-sponsoring firm. We may do so for a variety of reasons, including the type or liquidity of the securities we are buying or selling, or because we are aggregating trades for Wrap Clients of one Program Sponsor with trades for Wrap Clients of other Program Sponsors. The corresponding brokerage commissions and associated transaction costs for such "trading away" activity will not be included in the wrap fee paid by the Wrap Client to the Program Sponsor and instead will represent additional costs borne by the Wrap Client, but will not increase the advisory fee paid to or billed by MBSC. Wrap Clients should also note that such brokerage commissions and associated transaction costs may be built into the net price of the investment as reflected on trade confirmations, as opposed to being separately itemized.

In connection with the Strategies for traditional Wrap Programs currently offered by MBSC – Newton Dreyfus International Equity, Newton Dreyfus Global Equity and Dreyfus Global Equity Income ADR - the average dollar-weighted percentage of transactions traded away by MBSC during the twelve months through December 31, 2018 across the Client accounts in each Strategy was 33.63%, 20.89% and 1.11%, respectively. With respect to all three Strategies, the additional cost incurred by Wrap Clients with respect to each such transaction ranged from 0 - 4 cents per share (or, for commissions charged on a percentage rather than per share basis, approximately 0 - 10 basis points of the value of each trade).

In addition to the fees and expenses described above, certain routine trading costs associated with the day-to-day investment management of a wrap account may, depending upon the provisions of a particular Wrap Program, not be included in a Wrap Client's wrap fee and may therefore represent additional costs to the Wrap Client. In general, these may include (but are not necessarily limited to) the SEC fee imposed on sales of US securities and the transaction taxes imposed by certain non-US countries with respect to the purchase and sale of securities of certain issuers domiciled in those countries. With respect to trading away activity in the Newton Dreyfus International Equity, Newton Dreyfus Global Equity and Dreyfus Global

Equity Income ADR Strategies, additional trading-related costs, such as non-US local market transaction taxes and ADR conversion charges, may also apply.

For the reasons described above, with respect to both traditional and model portfolio Wrap Programs, it is not possible for us to aggregate client transactions pursuant to our trade aggregation procedures described below except when we direct transactions in a traditional Wrap Program to a non-sponsoring broker-dealer in an effort to seek best execution. As a result, there may be instances in which one or more Program Sponsors are executing trades for their clients at the same time that we and/or the Delegated Manager(s) are executing trades in the same securities. This could result in varying levels of execution among Wrap Program accounts and between those accounts, on the one hand, and the accounts of MBSC and the Delegated Manager(s) on the other hand. Moreover, this could lead to competing orders for the same securities, potentially harming execution quality. In an effort to mitigate this adverse consequence and help ensure fair and equitable treatment across the respective clients of the Delegated Manager(s), MBSC and the Program Sponsors, MBSC may seek to coordinate trading with the Delegated Manager(s) and the Program Sponsors when the combined order size in that security is anticipated to exceed certain trading volume thresholds.

### **Other Brokerage Practices**

*The following describes our policies when we facilitate non-mutual fund client transactions with a broker-dealer other than the Program Sponsor:*

**Broker Selection:** We have the authority to direct securities transactions on behalf of our discretionary clients to broker-dealers we select from The Bank of New York Mellon Corporation's Approved Broker List. In doing so, we seek best execution of such transactions. When seeking best execution, we consider the full range and quality of a broker-dealer's services including, among other things, commission rates/trading costs, a broker's trading expertise, reputation and integrity, willingness and ability to commit capital, reliability both in executing and settling trades, fairness in resolving disputes, value provided in a market, execution capability, financial responsibility and responsiveness to the Firm. Please also see the discussion concerning the Volcker Rule and its possible implications concerning our broker-dealer selection practices in Item 10 above.

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

**Affiliated Broker/Dealers:** We do not direct securities transactions to any affiliated broker-dealer unless directed to by the Program Sponsor. Certain unaffiliated broker-dealers used by us to execute trades may use a broker-dealer who is our affiliate to clear those trades. In such cases, the clearing broker receives a clearance fee negotiated and paid by the executing broker-dealer. The decision to use one of our affiliates in these circumstances is made by the unaffiliated executing broker-dealer, and we have no influence over whether a broker-dealer we select for execution of client trades clears through one of our affiliates, or if so the financial arrangement between them.

**Affiliated Depository Agent:** From time to time, we will use an unaffiliated broker-dealer to convert local shares of a foreign security into an American Depositary Receipt (“ADR”) shares or ADR shares into local shares. In certain cases, the unaffiliated broker-dealer may use BNY Mellon as a depository agent.

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

**Directed Brokerage:** We will participate in directed brokerage if directed by the Program Sponsor and a contractual arrangement is in place. In the event that such direction occurs, we may have limited capability to negotiate commission rates or obtain volume discounts. 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.

Overall, any instruction that we use a certain broker-dealer or restrict trading with a particular broker-dealer may cause a client to pay higher commissions, receive less favorable net prices or investment results, or incur additional custodial or other external administrative charges than would be the case if we were authorized to choose the broker-dealers through which to execute transactions.

**Trade Aggregation:** We will aggregate certain client transactions (i.e. purchase or sale of securities of the same issuer with the purchase and sale of other client transactions participating in the same security on the same day) when we determine that it is in the best interest of all participating clients. Each client participating in an aggregated transaction within a trading day will do so at the same average price where possible.

**Trade Allocation:** Allocation of an aggregated order is prepared prior to the execution of the aggregated trade. If an aggregated order is filled in its entirety, the order must be allocated in accordance with the allocation specified. Aggregated trades are allocated at the average price of the aggregated order.

Generally, if an aggregated order is partially filled, the order will be allocated among the participating accounts on a pro-rata basis in proportion to the intended allocation. We may, however, if required in our judgment, deviate from pro rata allocation on partially filled orders to help prevent odd lot position sizes or similar outcomes that may not be desirable for clients’ accounts.

**New Issue Allocation:** MBSC does not currently purchase new issues for client accounts. To the extent we seek to purchase new issues in the future, we will adopt policies and procedures designed to help ensure fair and equitable treatment of clients.

**Trade Errors:** Our policy is to correct trading and operational errors we make and to reimburse client accounts to the extent that any such error, in aggregate across the participating client accounts, results in a loss of \$25 or more.

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

### **BNY Mellon Select**

Select Program Sponsors are responsible for reviewing the Select Clients' accounts on a post trade basis to verify transactional accuracy and compliance with rebalancing rules. Select Clients should review their Select Program Sponsor's wrap fee program brochure for more information.

### **In General**

In addition to the account review activities that may be performed by Program Sponsors, we perform various oversight activities with respect to the discretionary client accounts we manage in traditional wrap programs and the model portfolios we provide to model portfolio wrap programs. These include, where applicable, verifying compliance with strategy and client-level investment restrictions; monitoring best execution efforts and investment performance dispersion; conducting account-level position reconciliations; performing oversight of Delegated Managers and ISSG; and conducting similar supervisory and oversight-related functions.

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

Our ultimate parent, BNY Mellon, has organized its lines of business into two groups: Investment Management and Investment Services (collectively "Groups"). We are part of the Investment Management Group. A sales force has been created to focus on developing new customer relationships and developing and coordinating large complex existing customer relationships within those Groups. In certain circumstances, Investment Management sales representatives are paid fees for sales. The fees may be based on revenues and may be a one-time payment or paid out over a number of years.

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

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

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

## **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.

MBSC does not have “custody” of client assets in the Wrap Programs or the Select Program for purposes of the Custody Rule.

With respect to DMAP, we are subject to certain provisions of the Custody Rule since our affiliate, Pershing LLC, maintains custody of assets for DMAP clients; please refer to our Form ADV Part 2A Appendix 1 – Wrap Fee Program Brochure for more information.

## **Item 16. Investment Discretion**

For accounts where we have investment discretion, we will exercise any such investment discretion that has been granted to us in a manner consistent with the stated investment guidelines and restrictions for the particular Wrap Client's account and the terms and conditions of our agreement with the Program Sponsor and/or the Wrap Client. If we are unable to accommodate any Wrap Client's guidelines or restrictions, we will inform the Program Sponsor and determine how to proceed in consultation with such Program Sponsor.

MBSC does not have discretionary authority over any client accounts in the Select Program or the model portfolio Wrap Programs.

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

### **Committee Structure**

MBSC participates in BNY Mellon’s Proxy Voting and Governance Committee (the “Committee”) and, with respect to client accounts for which we have investment discretion or have otherwise agreed with the Program Sponsor, we exercise the voting rights delegated to us by clients or the Program Sponsor with the guidance and assistance of the Committee.

The Committee consists of representatives from our firm and that of certain other fiduciary business units (each, a “Member Firm”) affiliated with BNY Mellon. We (along with the other Member Firms) have adopted the Committee’s Proxy Voting Policy, related procedures, and voting guidelines (the “Proxy Policies”). The Committee seeks to make proxy voting decisions that are in the best interest of the client and has adopted detailed, pre-determined, written proxy voting guidelines for specific types of proposals and matters commonly submitted to shareholders by U.S. and non-U.S. companies (collectively, the “Voting Guidelines”), which are included in the Proxy Policies. These Voting Guidelines are designed to assist with voting decisions which over time seek to maximize the economic value of the securities of

companies held in client accounts (viewed collectively and not individually) as determined in the discretion of the Committee. We believe that this approach is consistent with our fiduciary obligations and with the published positions of applicable regulators with an interest in such matters (e.g., the U.S. Securities and Exchange Commission and the U.S. Department of Labor), and we have adopted the Proxy Policies, including the Voting Guidelines, and agreed that we will vote proxies through the Committee. We do not permit clients to direct us on how to vote in a particular solicitation. However, if a client of ours chooses to retain proxy voting authority or delegate proxy voting authority to an entity other than a Member Firm (whether such retention or delegation applies to all or only a portion of the securities within the client's account), either the client's or such other entity's chosen proxy voting guidelines (and not the Committee's) will apply to those securities.

### **Voting Philosophy**

We (MBSC, along with BNY Mellon and our affiliates) recognize that the responsibility for the daily management of a company's operations and strategic planning is entrusted to the company's management team, subject to oversight by the company's board of directors. As a general matter, we invest in companies believed to be led by competent management and, as set forth in the Voting Guidelines, we customarily vote in support of management proposals and consistent with management's recommendations. However, in our role as a fiduciary, we believe that we must express our view on the performance of the directors and officers of the companies in which clients are invested and how these clients' interests as shareholders are being represented. Accordingly, as set forth in the Voting Guidelines, we will vote against those proposals that we believe would negatively impact the economic value of clients' investments – even if those proposals are supported or recommended by company management.

We seek to vote on proxies of non-U.S. companies through application of the Voting Guidelines. However, corporate governance practices, disclosure requirements and voting operations vary significantly among the various non-U.S. markets in which our clients may invest. In these markets, we may face regulatory, compliance, legal or logistical limits with respect to voting securities held in client accounts which can affect our ability to vote such proxies, as well as the desirability of voting such proxies. Non-U.S. regulatory restrictions or company-specific ownership limits, as well as legal matters related to consolidated groups, may restrict the total percentage of an issuer's voting securities that we can hold for clients and the nature of our voting in such securities. Our ability to vote proxies may also be affected by, among other things: (1) late receipt of meeting notices; (2) requirements to vote proxies in person; (3) restrictions on a foreigner's ability to exercise votes; (4) potential difficulties in translating the proxy; (5) requirements to provide local agents with unrestricted powers of attorney to facilitate voting instructions; and (6) requirements that investors who exercise their voting rights surrender the right to dispose of their holdings for some specified period in proximity to the shareholder meeting. Absent an issue that is likely to impact clients' economic interest in a company, we generally will not subject clients to the costs (which may include a loss of liquidity) that could be imposed by these requirements. In these markets, we will weigh the associative costs against the benefit of voting, and may refrain from voting certain non-U.S. securities



in instances where the items presented are not likely to have a material impact on shareholder value.

### **Process**

The Committee has retained the services of two independent proxy advisors (“Proxy Advisors”) to provide comprehensive research, analysis, and voting recommendations. These services are used most frequently in connection with proposals or matters that may be controversial or require a case-by-case analysis by the Committee in accordance with its Voting Guidelines. The Committee has engaged one of its Proxy Advisors as its proxy voting agent (the “Proxy Agent”) to administer the mechanical, non-discretionary elements of proxy voting and reporting for clients. The Committee has directed the Proxy Agent, in that administrative role, to follow the specified Voting Guideline and apply it to each applicable proxy proposal or matter where a shareholder vote is sought. Accordingly, proxy items that can be appropriately categorized and matched either will be voted in accordance with the applicable Voting Guideline or will be referred to the Committee if the Voting Guideline so requires. The Voting Guidelines require referral to the Committee for discussion and vote of all proxy proposals or shareholder voting matters for which the Committee has not yet established a specific Voting Guideline, and generally for those proxy proposals or shareholder voting matters that are contested or similarly controversial (as determined by the Committee in its discretion).

In addition, the Committee has directed the Proxy Agent to refer to it for discussion and vote all proxy proposals of those issuers: (1) where the percentage of their outstanding voting securities held in the aggregate in accounts actively managed by the Member Firms is deemed significant or (2) that are at or above a certain specified market capitalization size (each, as determined by the Committee in its discretion). Generally, when a matter is referred to the Committee, the decision of the Committee will be applied to all accounts for which the Member Firms exercise proxy voting authority, whether the account is actively managed or managed pursuant to quantitative, index or index-like strategies (“Index Strategies”), unless we or another Member Firm determine that the economic interests of a particular account differ and require that a vote be cast differently from the collective vote in order to act in the best interests of such account’s beneficial owners. In all cases, for those clients that have given us authority to vote proxies, the ultimate voting decision and responsibility rests with us.

For items referred to it, the Committee may determine to accept or reject any recommendation based on the Voting Guidelines, research and analysis provided by its Proxy Advisors, or on any independent research and analysis obtained or generated by Member Firm portfolio managers and analysts or the Committee’s Research Group. Because accounts following Index Strategies are passively managed accounts, research from portfolio managers and/or analysts related to an issuer with securities held in these accounts may not be available to the Committee.

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

Please contact us for more information.

### **Managing Conflicts**

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

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

For those proposals that are referred to the Committee in accordance with the Voting Guidelines or Committee direction, the Committee votes based upon its principle of seeking to maximize the economic value of the securities held in client accounts. In this context the Committee seeks to address the potential for conflicts presented by such "referred" items through deliberately structuring its membership. The representatives of the Member Firms on the Committee do not include individuals whose primary duties relate to sales, marketing or client services. Rather the Committee consists of senior officers and investment professionals from its Member Firms, and is supported by members of BNY Mellon's Compliance, Legal and Risk Management Departments, as necessary.

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



Additionally, there are certain instances where an independent fiduciary will be engaged to vote proxies as a further safeguard to avoid potential conflicts of interest or as otherwise required by applicable law. These instances are considered to be “Primary Conflicted Proxies” and they typically arise due to relationships between proxy issuers or companies and BNY Mellon, a BNY Mellon affiliate, a BNY Mellon executive, or a member of BNY Mellon’s Board of Directors.

MBSC is also subject to the policies and decisions of BNY Mellon’s Proxy Conflicts Committee (the “PCC”). If a situation arises that is not identified as a Primary Conflicted Proxy, but may present an actual, potential or perceived material conflict of interest, or if there is ambiguity as to whether a Primary Conflicted Proxy exists, the PCC shall review the matter, and (in the case of identified conflicts) determine how best to resolve the conflict. If the PCC determines that a conflict exists, possible resolutions may include: (1) voting in accordance with the guidance of an independent fiduciary; (2) voting in proportion to other shareholders (“mirror voting”); (3) erecting informational barriers around, or recusal from the vote decision making process by, the person or persons making voting decisions; and (4) voting in other ways that are consistent with our obligation to vote in our clients’ best interest.

When an independent fiduciary is engaged, the fiduciary either will vote the involved proxy, or provide us with instructions as to how to vote such proxy. In the latter case, we will vote the proxy in accordance with the independent fiduciary’s determination.

## **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. MBSC 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.



# **MBSC Securities Corporation**

200 Park Avenue  
New York, NY 10166

## **Form ADV Part 2B – Brochure Supplement (as of March 29, 2019)**

**This Brochure Supplement provides information about the key individuals listed below who provide certain advisory services for you and supplements the MBSC Securities Corporation (“MBSC”) Brochure. You should have received a copy of that Brochure. Please contact us by phone at 212-922-7145 or by email at [john.squillace@bnymellon.com](mailto:john.squillace@bnymellon.com) if you did not receive MBSC’s Brochure or if you have any questions about the contents of this Brochure Supplement.**

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

# **Form ADV Part 2B**

as of March 29, 2019

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Eric P. Cola  
212-922-7538

MBSC Securities Corporation (“MBSC”)  
200 Park Avenue  
New York, NY 10166

## **Form ADV, Part 2B as of March 29, 2019**

**Pursuant to SEC rules and regulations, we have prepared this Brochure Supplement for you because Eric P. Cola performs certain advisory services for you.**

**This Brochure Supplement provides information about Eric P. Cola that supplements MBSC’s Brochure. You should have received a copy of that Brochure. Please contact MBSC at 212-922-7145 or [john.squillace@bnymellon.com](mailto:john.squillace@bnymellon.com) if you did not receive MBSC’s Brochure or if you have any questions about the contents of this Supplement.**

**Item 2.**        **Educational Background and Business Experience**

**Eric P. Cola**

**Year of Birth:** 1977

**Higher Education:** Bachelor of Science in Business Administration with a concentration in Finance (BSBA), Boston University, 1999

**Business Background Last 5 Years:**

**Currently:** Head of Separately Managed Accounts Desk, MBSC, 2015 - Present

**Previous:** Head Separate Accounts Trader, MBSC, 2007 - 2015

**Professional Designations Held:** None to report.

**Item 3.**        **Disciplinary Information**

None to report.

**Item 4.**        **Other Business Activities**

None to report.

**Item 5.**        **Additional Compensation**

MBSC offers competitive compensation opportunities to all employees, including portfolio management, trading and other personnel. Our goal is to provide a performance-oriented environment with incentive compensation programs that are tied to the profitability and sustained growth of the firm.

We provide a disciplined and structured process of reward and evaluation to attract and retain high-performing employees who are critical to MBSC's ongoing success. Our competitive compensation package, which is not formula driven, includes base pay and the potential for bonus/annual cash incentives, and long-term incentives for a select group of key professionals.

**Item 6.**        **Supervision**

In terms of process, MBSC's Separately Managed Accounts Desk is structured around a team trading approach. Mr. Cola is the Head of the Separately Managed Accounts Desk and is responsible for the oversight of trades conducted on behalf of client accounts for which MBSC has investment discretion. Mr. Cola reports directly to Kenneth J. Bradle, President of MBSC (telephone number 516-338-3804) Additional oversight is provided by MBSC's various governance bodies, such as the Investments Product Review Group.

John A. Cimino  
877-570-1632

MBSC Securities Corporation (“MBSC”)  
200 Park Avenue  
New York, NY 10166

## **Form ADV, Part 2B as of March 29, 2019**

**Pursuant to SEC rules and regulations, we have prepared this Brochure Supplement for you because John Cimino performs certain advisory services for you.**

**This Brochure Supplement provides information about John Cimino that supplements MBSC’s Brochure. You should have received a copy of that Brochure. Please contact MBSC at 212-922-7145 or [john.squillace@bnymellon.com](mailto:john.squillace@bnymellon.com) if you did not receive MBSC’s Brochure or if you have any questions about the contents of this Supplement.**

**Item 2.**        **Educational Background and Business Experience**

**John A. Cimino**

**Year of Birth:** 1981

**Higher Education:** M.B.A. in Finance, St. John's University, 2006; Bachelor of Science in Finance and Entrepreneurship and Emerging Enterprises, Syracuse University, 2003

**Business Background Last 5 Years:**

**Currently:** Head Separate Accounts Trader, MBSC, 2015 - Present

**Previous:** Senior Trader, BNY Mellon Investment Management Hong Kong Ltd, 2014 – 2015; Separate Accounts Trader, MBSC, 2007 - 2014

**Professional Designations Held:** None to report.

**Item 3.**        **Disciplinary Information**

None to report.

**Item 4.**        **Other Business Activities**

None to report.

**Item 5.**        **Additional Compensation**

MBSC offers competitive compensation opportunities to all employees, including portfolio management, trading and other personnel. Our goal is to provide a performance-oriented environment with incentive compensation programs that are tied to the profitability and sustained growth of the firm.

We provide a disciplined and structured process of reward and evaluation to attract and retain high-performing employees who are critical to MBSC's ongoing success. Our competitive compensation package, which is not formula driven, includes base pay and the potential for bonus/annual cash incentives, and long-term incentives for a select group of key professionals.

**Item 6.**        **Supervision**

In terms of process, MBSC's Separately Managed Accounts Desk is structured around a team trading approach. Mr. Cimino is the Head Separate Accounts Trader and supervises the day-to-day trading function. Mr. Cimino reports to Eric P. Cola, Head of the Separately Managed Accounts Desk. Mr. Cola is responsible for the oversight of trades conducted on behalf of client accounts for which MBSC has investment discretion. Mr. Cola reports directly to Kenneth J. Bradle, President of MBSC. Additional oversight is provided by MBSC's various governance bodies, such as the Investments Product Review Group.



Peter Carlisi  
877-570-1632

MBSC Securities Corporation (“MBSC”)  
200 Park Avenue  
New York, NY 10166

## **Form ADV, Part 2B as of March 29, 2019**

**Pursuant to SEC rules and regulations, we have prepared this Brochure Supplement for you because Peter Carlisi performs certain advisory services for you.**

**This Brochure Supplement provides information about Peter Carlisi that supplements MBSC’s Brochure. You should have received a copy of that Brochure. Please contact MBSC at 212-922-7145 or [john.squillace@bnymellon.com](mailto:john.squillace@bnymellon.com) if you did not receive MBSC’s Brochure or if you have any questions about the contents of this Supplement.**

**Item 2.**        **Educational Background and Business Experience**

**Peter Carlisi**

**Year of Birth:** 1992

**Higher Education:** St. Frances College; B.S. in Business Management concentrating in International Business, 2014

**Business Background Last 5 Years:**

**Currently:** Separate Accounts Trader, MBSC, 2018 - Present

**Previous:** Registered Representative, Dreyfus Brokerage Services, MBSC, 2017-2018; Senior Client Specialist, Dreyfus Retail Direct, MBSC, 2014-2017.

**Professional Designations Held:** None to report.

**Item 3.**        **Disciplinary Information**

None to report.

**Item 4.**        **Other Business Activities**

None to report.

**Item 5.**        **Additional Compensation**

MBSC offers competitive compensation opportunities to all employees, including portfolio management, trading and other personnel. Our goal is to provide a performance-oriented environment with incentive compensation programs that are tied to the profitability and sustained growth of the firm.

We provide a disciplined and structured process of reward and evaluation to attract and retain high-performing employees who are critical to MBSC's ongoing success. Our competitive compensation package, which is not formula driven, includes base pay and the potential for bonus/annual cash incentives, and long-term incentives for a select group of key professionals.

**Item 6.**        **Supervision**

In terms of process, MBSC's Separately Managed Accounts Desk is structured around a team trading approach. Mr. Carlisi is a Separate Accounts Trader and reports to John Cimino, MBSC's Head Separate Accounts Trader. Mr. Cimino reports to Eric P. Cola, Head of the Separately Managed Accounts Desk. Mr. Cola is responsible for the oversight of trades conducted on behalf of client accounts for which MBSC has investment discretion. Mr. Cola reports directly to Kenneth J. Bradle, President of MBSC. Additional oversight is provided by MBSC's various governance bodies, such as the Investments Product Review Group.

Kenneth Hughes  
877-570-1632

MBSC Securities Corporation (“MBSC”)  
200 Park Avenue  
New York, NY 10166

## **Form ADV, Part 2B as of March 29, 2019**

**Pursuant to SEC rules and regulations, we have prepared this Brochure Supplement for you because Kenneth Hughes performs certain advisory services for you.**

**This Brochure Supplement provides information about Kenneth Hughes that supplements MBSC’s Brochure. You should have received a copy of that Brochure. Please contact MBSC at 212-922-7145 or [john.squillace@bnymellon.com](mailto:john.squillace@bnymellon.com) if you did not receive MBSC’s Brochure or if you have any questions about the contents of this Supplement.**

**Item 2.**        **Educational Background and Business Experience**

**Kenneth Hughes**

**Year of Birth:** 1980

**Higher Education:** Bachelor of Science in Business Administration, Champlain College, 2002

**Business Background Last 5 Years:**

**Currently:** Separate Accounts Trader, MBSC, May 2010 - Present

**Previous:** N/A

**Professional Designations Held:** None to report.

**Item 3.**        **Disciplinary Information**

None to report.

**Item 4.**        **Other Business Activities**

None to report.

**Item 5.**        **Additional Compensation**

MBSC offers competitive compensation opportunities to all employees, including portfolio management, trading and other personnel. Our goal is to provide a performance-oriented environment with incentive compensation programs that are tied to the profitability and sustained growth of the firm.

We provide a disciplined and structured process of reward and evaluation to attract and retain high-performing employees who are critical to MBSC's ongoing success. Our competitive compensation package, which is not formula driven, includes base pay and the potential for bonus/annual cash incentives, and long-term incentives for a select group of key professionals.

**Item 6.**        **Supervision**

In terms of process, MBSC's Separately Managed Accounts Desk is structured around a team trading approach. Mr. Hughes is a Separate Accounts Trader and reports to John Cimino, MBSC's Head Separate Accounts Trader. Mr. Cimino reports to Eric P. Cola, Head of the Separately Managed Accounts Desk. Mr. Cola is responsible for the oversight of trades conducted on behalf of client accounts for which MBSC has investment discretion. Mr. Cola reports directly to Kenneth J. Bradle, President of MBSC. Additional oversight is provided by MBSC's various governance bodies, such as the Investments Product Review Group.

Robert Pilot  
877-570-1632

MBSC Securities Corporation (“MBSC”)  
200 Park Avenue  
New York, NY 10166

## **Form ADV, Part 2B as of March 29, 2019**

**Pursuant to SEC rules and regulations, we have prepared this Brochure Supplement for you because Robert Pilot performs certain advisory services for you.**

**This Brochure Supplement provides information about Robert Pilot that supplements MBSC’s Brochure. You should have received a copy of that Brochure. Please contact MBSC at 212-922-7145 or [john.squillace@bnymellon.com](mailto:john.squillace@bnymellon.com) if you did not receive MBSC’s Brochure or if you have any questions about the contents of this Supplement.**

**Item 2.**        **Educational Background and Business Experience**

**Robert Pilot**

**Year of Birth:** 1964

**Higher Education:** N/A

**Business Background Last 5 Years:**

**Currently:** Separate Accounts Trader, MBSC, 2013-Present

**Previous:** Head Trader, Amida Capital Management, 2007-2012

**Professional Designations Held:** None to report.

**Item 3.**        **Disciplinary Information**

None to report.

**Item 4.**        **Other Business Activities**

None to report.

**Item 5.**        **Additional Compensation**

MBSC offers competitive compensation opportunities to all employees, including portfolio management, trading and other personnel. Our goal is to provide a performance-oriented environment with incentive compensation programs that are tied to the profitability and sustained growth of the firm.

We provide a disciplined and structured process of reward and evaluation to attract and retain high-performing employees who are critical to MBSC's ongoing success. Our competitive compensation package, which is not formula driven, includes base pay and the potential for bonus/annual cash incentives, and long-term incentives for a select group of key professionals.

**Item 6.**        **Supervision**

In terms of process, MBSC's Separately Managed Accounts Desk is structured around a team trading approach. Mr. Pilot is a Separate Accounts Trader and reports to John Cimino, MBSC's Head Separate Accounts Trader. Mr. Cimino reports to Eric P. Cola, Head of the Separately Managed Accounts Desk. Mr. Cola is responsible for the oversight of trades conducted on behalf of client accounts for which MBSC has investment discretion. Mr. Cola reports directly to Kenneth J. Bradle, President of MBSC. Additional oversight is provided by MBSC's various governance bodies, such as the Investments Product Review Group.



Part of  BNY MELLON

# **NEWTON INVESTMENT MANAGEMENT (NORTH AMERICA) LIMITED**

## **FORM ADV PART 2A**

(as of March 31<sup>st</sup>, 2019)

Newton Investment Management (North America) Limited  
BNY Mellon Centre  
160 Queen Victoria Street  
London EC4V 4LA  
United Kingdom

**This Brochure provides information about the qualifications and business practices of Newton Investment Management (North America) Limited (“the Firm”, “we” or “us”). If you have any questions about the contents of this Brochure, please contact us at +44 20 7163 9000.**

**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.**

**Additional information about Newton Investment Management (North America) Limited is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**



## **ITEM 2. SUMMARY OF MATERIAL CHANGES**

The following is a summary of any material changes we have made to our Brochure since its last annual update on March 31, 2018.

Item 17 has been updated to notify clients of Newton's approach in advising or taking action on behalf of clients relating to legal proceedings (such as litigation, including class actions) with respect to securities held in clients' accounts.

Item 10 has been update to include reference to affiliated revenue share arrangements.



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## ITEM 4. ADVISORY BUSINESS

### DISCRETIONARY – INVESTMENT MANAGEMENT/ADVICE

“Newton”, throughout this document, refers to the following companies: Newton Investment Management (North America) Limited and Newton Investment Management Limited (“NIM”), both of which are 100% owned subsidiaries of Newton Management Limited (“NML”). NML is owned by The Bank of New York Mellon Corporation (“BNY Mellon”).

The Firm is a limited liability company registered in England and Wales and governed by the law pursuant to the Companies Act 2006. The Firm was incorporated in the UK on January 9, 1992, and became a subsidiary of The Bank of New York Mellon Corporation (“BNY Mellon”) on July 23, 1998. The Firm is authorized and regulated in the United Kingdom by the Financial Conduct Authority (“FCA”) and has both U.S. and non-U.S. clients. On August 27, 1992 the Firm was also registered in the United States with the Securities and Exchange Commission (“SEC”) as an investment adviser. Please note that this registration does not imply a particular level of skill or training on the part of the Firm.

The Firm provides investment advisory services to U.S. and non-U.S. clients. In providing advisory services to non-U.S. clients, we are subject to other non-U.S. regulation and currently rely on certain exemptions from registration in Canada. We provide discretionary and non-discretionary investment advisory services to institutional investors in the form of separate accounts, pooled investment vehicles that are exempt from registration in the U.S., registered mutual funds and collective investment funds that are offered or maintained by The Bank of New York Mellon and its affiliates, and to other investment advisers through sub advisory agreements.

For separate accounts, we work with clients to create investment guidelines mutually acceptable to the client and the Firm. When creating investment guidelines, clients may impose investment restrictions on certain individual securities or types of securities. Clients who impose investment restrictions might limit our ability to employ a particular strategy resulting in investment performance that differs from the intended strategy and from other accounts that have not imposed such restrictions. The strategies in which we may invest client assets and the fees we may receive for managing such strategies are described below.

We currently provide investment advisory services with respect to the following types of strategies:

- Global Bond
- Global Dynamic Bond
- Sustainable Global Dynamic Bond
- Global Dynamic Bond Income
- Global Equity
- Sustainable Global Equity
- Global Equity Income
- Sustainable Global Equity Income
- Concentrated Global Equity
- Sustainable US Equity
- Global Emerging Market Equity
- Sustainable Global Emerging Market Equity
- International Equity
- Sustainable International Equity
- International Equity Income
- Global Real Return
- Sustainable Global Real Return
- Global Multi Asset
- Global Multi Asset Income

For example, client accounts employing our global equity strategy are managed in accordance with a model portfolio but also recognising any client specific investment guidelines.

Certain of our employees are also officers or employees of one or more Firm affiliates (“dual officers”). If consistent with a client’s investment objective, we anticipate investing client assets in collective investment funds for which The Bank of New York Mellon, an affiliated New York chartered bank (the “Bank”) serves as trustee and account custodian. We manage assets of certain of the collective investment funds as a sub adviser hired by the Bank. The collective investment funds are further described in Schedule A(s) of the applicable collective investment fund plan documents, which are available upon request. *Please also see Item 10 for more information on our dual officer/employee arrangements (Dual Officers and Employees).*

The Firm also manages portfolios as separate accounts and act as sub-adviser to registered investment companies and other commingled vehicles.

## MANAGED ACCOUNT/WRAP FEE PROGRAMS

The Firm serves as a non-discretionary sub-adviser in connection with managed account/wrap-fee programs. A client in a managed account/wrap fee program typically receives professional investment management of account assets through one or more investment advisers participating in the wrap fee program and trade execution, custodial, performance monitoring and reporting services or some combination of these or other services for a single, all-inclusive (or “wrap”) fee charged by the program sponsor based on the value of the client’s account assets. The program sponsor typically assists the client in defining the client’s investment objectives based on information provided by the client, aids in the selection of one or more investment managers to manage the client’s account and periodically contacts the client to ascertain whether or not there have been any changes in the client’s financial circumstances or objectives that warrant a change in the arrangement or the manner in which the clients assets are managed. *Please see Form ADV, Part 1 – Section 5.1 (2) for a current list of the wrap fee programs we sub-advise on a non-discretionary basis.*

Under these managed account/wrap fee program arrangements, MBSC Securities Corporation (“MBSC”), our affiliate, enters into an agreement with the program sponsor. MBSC then delegates responsibility for investment recommendations to us. MBSC, as the primary manager under the program, retains ultimate decision-making responsibility for determining which securities are to be purchased or sold for client accounts and for implementation of such decisions pursuant to the agreement MBSC enters into with the program sponsor. In such cases, it is expected that our recommendations will be implemented subject only to differences resulting from individual investment guidelines or restrictions, tax harvesting or other needs of the particular program client. We do not act as a program sponsor nor do we conduct physical trading for any of these programs. We receive a portion of MBSC’s allocated wrap fee for the services provided.

When we provide investment recommendations to MBSC in connection with a managed account/wrap fee program, we do not negotiate on the client’s behalf brokerage commissions or other costs for the execution of transactions in the client’s account. Rather, it is expected that most transactions will be executed through the program sponsor or the program sponsor’s designated affiliate since execution costs for agency transactions are normally included in the all-inclusive fee charged by the program sponsor. However, program agreements generally provide that other broker-dealers may be selected to execute trades if deemed appropriate to achieve best execution. If a broker-dealer other than the program sponsor or the program sponsor’s designated affiliate is selected to effect a trade for a client’s account, any execution costs charged by that other broker-dealer typically will be charged separately to the client’s account. Accordingly, clients who enrol in managed account/wrap fee programs should satisfy themselves that the program sponsor is able to provide best execution for transactions.

In evaluating a managed account/wrap fee program, clients should consider a number of factors. A client may be able to obtain some or all of the services available through a particular program on an “unbundled” basis through the program sponsor or through other firms and, depending on the circumstances, the aggregate of any separately paid fees may be lower (or higher) than the single, all-inclusive fee charged in the program. Payment of an asset-based fee may or may not produce accounting, bookkeeping or income tax results that differ from those resulting from the separate payment of (i) securities commissions and other execution costs on a trade-by-trade basis and (ii) advisory fees. Any securities or other assets used to establish a program account may be sold, and the client will be responsible for payment of any taxes due. The Firm recommends that each client consult with his or her tax adviser or accountant regarding the tax treatment of managed account/wrap fee program accounts.

Wrap fee clients normally receive a disclosure Brochure from the program sponsor detailing the wrap fee program prior to their selection of an investment strategy, which includes a description of the services provided by the program sponsor and the applicable fee schedule. The fees and features of each wrap fee program vary and therefore wrap fee program clients should consult the program sponsor’s Brochure for the fees and features applicable to their program. We do not



act as a program sponsor of any wrap fee program. However, program sponsors may obtain brokerage, clearing and other wrap fee program services from affiliates of ours, including MBSC.

## **OWNERSHIP AND ASSETS UNDER MANAGEMENT**

Our ownership structure comprises of: BNY Mellon Corporation, BNY Mellon IHC, LLC, MBC Investments Corporation, BNY Mellon Investment Management (Jersey) Limited, BNY Mellon Investment Management (Europe) Limited, BNY Mellon Investment Management Europe Holdings Limited, BNY Mellon International Asset Management Group Limited and Newton Management Limited. Newton Management Limited owns 100% of the Firm.

We manage \$6,082,881,908 as at December 31st 2018 on a discretionary basis and \$916,632,979 on a non-discretionary basis.

## ITEM 5. FEES AND COMPENSATION

### SEPARATE ACCOUNT AND SUB-ADVISORY

We provide investment advisory separate account 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 quarterly based on closing net assets at each quarter end. We calculate each quarter as 90/360 but may adjust to exact number of days where there are large investments, disinvestments, terminations or new fees in the period. Your investment advisory agreement may also provide that you will incur fees and expenses in addition to our advisory fees such as custody, brokerage and other transaction costs, administrative and other expenses. Examples of other costs and expenses may include mark-ups, mark-downs and other amounts included in the price of a security, odd-lot differentials, transfer taxes, wire transfer fees and electronic fund fees. 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.*

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

The Firm's standard fees are as follows:

Institutional separate account – Concentrated global equity strategy

- 0.70% per annum on the first \$100m
- 0.55% per annum on the next \$150m
- 0.45% per annum thereafter

Institutional separate account – Global equity, sustainable global equity, international equity, international equity income, sustainable international equity, global equity income, sustainable global equity income, sustainable US equity strategies

- 0.65% per annum on the first \$100m
- 0.50% per annum on the next \$150m
- 0.40% per annum thereafter

Institutional separate account – Global Emerging market equity and sustainable global emerging market equity strategies

- 0.75% per annum on the first \$100m
- 0.60% per annum on the next \$150m
- 0.50% per annum thereafter

Institutional separate account – Global bond strategy

- 0.28% per annum on the first \$100m
- 0.20% per annum on the next \$150m
- 0.15% per annum thereafter

Institutional separate account – Global multi-asset and global multi-asset income strategies

- 0.50% per annum on the first \$100m
- 0.40% per annum on the next \$150m
- 0.35% per annum thereafter

Institutional separate account – Global dynamic bond, sustainable global dynamic bond and global dynamic bond income strategies

- 0.35% per annum on the first \$100m
- 0.30% per annum on the next \$150m
- **0.20% per annum thereafter**

Institutional separate account – Global real return and global real return strategies

- Stepped fee rate
- 0.75% below \$65m
- 0.65% (on all assets) when AUM is between \$65m to \$130m
- 0.60% (on all assets) when AUM is between \$130m to \$260m
- 0.55% (on all assets) when AUM is between \$260m to \$390m
- 0.50% (on all assets) when AUM is in excess of \$390m

Please note: Global real return separate accounts are subject to a minimum AUM, details of which are available upon request.

We also invest certain accounts in pooled investment vehicles (such as exchange traded funds, fund of funds, unit trusts etc.) that themselves bear advisory fees and operational expenses such as transfer agent, distribution, shareholder servicing, networking, and recordkeeping fees. If invested in these pooled investment vehicles, your account will indirectly bear these fees and expenses and, as a result, you will bear higher expenses than if you invested directly in the securities held by the pooled investment vehicle.

A majority of our fees are based on the valuations provided by clients' custodians or pooled investment vehicles' administrators. Generally, we do not price securities or other assets for purposes of determining fees. However, to the extent permitted by applicable law, including ERISA, from time to time, we or one of our affiliates will be tasked with, or participate in, determining in good faith the asset values of securities held in pooled investment vehicles we advise, or client accounts, if the market price for a security is not readily available, or where we or our affiliate, has reason to believe that the market price is unreliable. A conflict of interest may arise in situations where we are involved in the determination of the valuation of an investment because we would benefit by receiving a fee based on the impact, if any, of the increased value of assets in the account. In such circumstances, we require, to the extent possible, pricing from an independent third party pricing vendor. If vendor pricing is unavailable, we then look to other observable inputs for the valuations including broker-dealers, index providers, and, if applicable, fair value pricing committees of affiliated mutual fund entities. In the event that a vendor price or other observable inputs are unavailable or deemed unreliable, we have established a Pricing Oversight and Valuation Group to make a reasonable determination of a security's fair value. When pricing a security, we attempt, in good faith and in accordance with applicable laws, to determine the fair value of the security or other assets in question based upon all available factors that we deem relevant at the time of determination. In determining the fair value of a security, we seek to determine the price a client might reasonably expect to (1) receive upon the current sale of a security or asset; or (2) pay to transfer the liability associated with the security or asset in an orderly arms'-length transaction between market participants on the date on which the security or asset is valued. The price will not be determined based upon what a client might reasonably expect to receive for selling such security or asset at a later time or if it holds the security to maturity. We will provide our pricing information or determinations to a client's custodian, pricing vendors and/or fund accountants upon reasonable request.

## THIRD PARTY BROKERAGE CHARGES

When undertaking an investment for a client, we may incur a charge from a third party broker or trading venue. We will sometimes be offered the choice of paying for the security within the price or paying a separate trading commission. As part of the Firm's fiduciary duty, we will make a decision on the basis of what we believe to be in the best interest of the client. Accordingly, a client may incur third party brokerage fees; however, it is anticipated that the total impact of such third party brokerage fees on the client portfolio will be small. *Please see Item 12 of this Brochure for more information on our brokerage practices.*

## ITEM 6. PERFORMANCE-BASED 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 institutional clients investing in both separate accounts and pooled investment vehicles. Most of these arrangements provide for an asset based management fee, based on the market value of the account at specified quarter ends, plus a performance fee based on the portfolio's gross or net return in excess of a specified benchmark during a designated period of time. The performance-based bonus element is based typically (but not always) on the portfolio return relative to a market or index return.

Performance-based fees are negotiated with each client and the terms may vary. For more detailed information on how performance fees are calculated, clients should refer to their investment advisory agreement.

The Firm has experience in managing portfolios with both performance-based fees and non-performance-based fee arrangements, against the MSCI and FTSE indices, as well as peer-group universes, fixed-weight geographic benchmarks and cash-plus benchmarks.

### PERFORMANCE-BASED FEES

Concentrated global equity and emerging market equity strategies performance-based pricing is available upon request.

Global multi-asset, global multi-asset income, global equity, international and sustainable US equity strategies (offered on assets greater than \$50m) and global equity income strategy (offered on assets greater than \$100m)

#### Base Fee

- 0.25% per annum on the first \$100m
- 0.20% per annum thereafter
- plus 20% performance bonus

The base fee is payable regardless of performance and is subject to a minimum fee of \$125,000 per annum (\$250,000 per annum for the global equity income strategy). The performance bonus is calculated on individual 12-month performance periods as 20% of the monetary value of the outperformance of the benchmark payable in equal instalments over four years. There is an equal and opposite calculation for underperformance which is then offset against any past or future performance bonuses due.

Global real return strategy and sustainable global real return (offered on assets greater than \$65m)

#### Base Stepped Fee:

- 0.65% (on all assets) when AUM is between \$65m to \$130m
- 0.60% (on all assets) when AUM is between \$130m to \$260m
- 0.55% (on all assets) when AUM is between \$260m to \$390m
- 0.50% (on all assets) when AUM is in excess of \$390m

For the first 2 years, the base fee is charged. From 2 1/4 years onwards, the quarterly fee is keyed off cumulative since inception performance versus LIBOR in a linear manner. The quarterly fee will be in the range of 50% to 150% of base fee and is calculated on a pro rata basis as follows: every 1% over LIBOR earns another 12.5% of the base fee and an equal and opposite calculation is used for every 1% under LIBOR.

For example, actual performance of:

- Libor +4% per annum equals 100% of stepped base fee rate
- Libor +8% per annum equals 150% of stepped base fee rate and
- Libor +0% per annum equals 50% of 0.65% stepped base fee rate

Fixed income strategies (assets greater than \$50m)

#### Base Fee:



- 0.10% per annum on all assets
- plus 20% performance bonus

The base fee is payable regardless of performance and is subject to a minimum fee of \$50,000 per annum. The performance bonus is calculated on individual 12-month performance periods as 20% of the monetary value of the outperformance of the benchmark payable in equal instalments over four years. There is an equal and opposite calculation for underperformance which is then offset against any past or future performance bonuses due.

## **SIDE-BY-SIDE MANAGEMENT**

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

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

Note that 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 Policies and Procedures which are designed and implemented to ensure that all clients are treated fairly and equally, 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 Policies and Procedures.

## **CONFLICTS OF INTEREST RELATING TO SIDE-BY-SIDE MANAGEMENT OF DISCRETIONARY AND NON-DISCRETIONARY ACCOUNTS**

In limited circumstances, we provide a third party with non-discretionary advisory services referencing the same model portfolio used to manage certain of our discretionary clients’ accounts. In those cases where we are implementing the model results for only a portion of the assets affected (for example, the portion of the assets over which we have discretionary authority) and therefore, we cannot apply our internal trade allocation procedures to all of the assets to be affected, we will (i) use reasonable efforts to agree on procedures with such non-discretionary clients designed to prevent one group of clients from receiving preferential trading treatment over another group, or (ii) determine that, due to the nature of the assets to be traded or the market on which they are traded, no client would likely be adversely affected if such procedures are not established.

## **CONFLICTS OF INTEREST RELATING TO PERFORMANCE BASED FEES WHEN ENGAGING IN SIDE-BY-SIDE MANAGEMENT**

We, and our affiliates, manage accounts that are charged a performance-based fee and other accounts that are charged a different type of fee, such as a flat asset-based fee. This could create a financial incentive to favor accounts with performance-based fees because we (and our employees and supervised persons) have an opportunity to earn greater fees on such accounts as compared to client accounts without performance-based fees. Such fee arrangements could also create an incentive to favour higher fee-paying accounts over other accounts in the allocation of trades or investment opportunities. We mitigate these conflicts by performing portfolio reviews and by ensuring that trades are allocated on a fair and equitable basis across all accounts in a strategy, subject to legal, accounting, or other factors, such as cash availability for the investment. In addition, the investment performance on specific accounts is not the sole factor in determining the portfolio manager’s compensation, thereby reducing the incentive to favour performance fee-paying accounts in their allocations and investment decisions.

## **CONFLICTS OF INTEREST RELATING TO ACCOUNTS WITH DIFFERENT STRATEGIES**

We, and our affiliates, manage numerous accounts with a variety of investment strategies, which present conflicts of interest. For example, a long/short position in two client accounts simultaneously could potentially result in a loss to one



client based on a decision to take a gain in the other. Taking concurrent conflicting positions in certain derivative instruments can likewise cause a loss to one client and a gain to another. We also may face conflicts of interest when we have uncovered option strategies and significant positions in illiquid securities in side-by-side accounts. However, Newton does not currently short individual equities or bonds.

To mitigate the conflict in this scenario our Investment Risk Oversight Group is responsible for monitoring commonality between portfolios with similar objectives and against reference models or portfolios. Any areas of concern would be investigated for suitability and anomalies would be resolved where appropriate. However, where a portfolio manager is responsible for accounts with differing investment objectives and policies, it is possible that the portfolio manager will conclude that it is in the best interests of one account to sell a portfolio security while another account continues to hold or increase the holding in such security.

## **CONFLICTS OF INTEREST RELATING TO THE MANAGEMENT OF MULTIPLE CLIENT ACCOUNTS**

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

## **CONFLICTS OF INTEREST RELATING TO INVESTMENT IN AFFILIATED ACCOUNTS**

To the extent permissible under applicable law, we are able to invest some or all of our temporary investments in money market accounts advised or managed by a BNY Mellon affiliate. In addition, and where we are permitted under the Investment Management Agreement, we may invest client accounts in affiliated pooled vehicles. There is a conflict of interest to allocate investments to these types of affiliated accounts in order to generate additional fees for us or our affiliates. To ensure that client assets are not allocated on the basis of fee generation, we review all available investment options to ensure that clients receive the best execution and that the investments are in the best interests of all clients.

## **CONFLICTS OF INTEREST RELATING TO PROPRIETARY ACCOUNTS**

We, our affiliates, and our existing and future employees may from time to time manage and/or invest in products managed by the Firm or its affiliates ("proprietary accounts"). Investment by Newton, our affiliates, or our employees in proprietary accounts may create conflicts of interest. We may have an incentive to favor these proprietary accounts by, for example, directing our best investment ideas to these accounts or allocating, aggregating or sequencing trades in favor of such accounts, to the disadvantage of other accounts or to dedicate more time and attention to give them better execution and brokerage commissions than our other client accounts. To mitigate this risk, these accounts are traded in line with our other client accounts.

## **CONFLICTS OF INTEREST POSED BY THE NEWTON INCENTIVE COMPENSATION PLAN**

Newton offers highly competitive compensation packages to its key investment professionals. These employees are rewarded using a mix of base salary, annual cash bonus and long-term incentive plan ("LTIP"); these elements combine to provide competitive total compensation packages.

The variable compensation pool available for distribution to staff is calculated as a percentage of Newton's profits. This is then split between annual bonus awards and LTIP awards. Investment performance is, therefore, a key determinant of variable compensation as well as the long-term incentives to our investment professionals. This performance-driven culture permeates through every decision we make, across corporate decision making, and in our investment selections. We believe that our interests are well aligned with those of our clients.

## **OTHER CONFLICTS OF INTEREST**

As noted previously, we and our affiliates manage numerous accounts with a variety of interests. This necessarily creates potential conflicts of interest for us. For example, we or an affiliate may cause multiple accounts to invest in the same investment. Such accounts may have conflicting interests and objectives in connection with such investment,

including differing views on the operations or activities of the portfolio company, the targeted returns for the transaction and the time-frame for and method of exiting the investment. Conflicts may also arise in cases where multiple Newton and/or affiliate client accounts are invested in different parts of an issuer's capital structure. For example, one of our client accounts could acquire debt obligations of a company while another account acquires an equity investment. In negotiating the terms and conditions of any such investments, we may find that the interests of the debt-holding client accounts and the equity holding client accounts may conflict. If that issuer encounters financial problems, decisions over the terms of the workout could raise conflicts of interest (including, for example, conflicts over proposed waivers and amendments to debt covenants). For example, debt holding accounts may be better served by a liquidation of an issuer in which it could be paid in full, while equity holding accounts might prefer a reorganization of the issuer that would have the potential to retain value for the equity holders. As another example, holders of an issuer's senior securities may be able to act to direct cash flows away from junior security holders, and both the junior and senior security holders may be Firm client accounts. Any of the foregoing conflicts of interest will be discussed and resolved on a case-by-case basis.

Any such discussions will factor in the interests of the relevant parties and applicable laws.

We, as a Firm, manage our accounts consistent with applicable law, and follow policies and 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 order aggregation and trade allocation policies and procedures which are designed and implemented to ensure that all clients are treated fairly and equally, and to prevent these conflicts from influencing the allocation of investment opportunities among clients. *Please see Item 12 for a summary of our key order aggregation and trade allocation related policies and procedures.* Conflicts of interest and potential conflicts are formally logged by the Firm and monitored periodically. Further details of actual or potential conflicts of interest identified by Newton and how these are managed are included in the Firm's Conflict of Interest policy, which is available on Newton's website.

## ITEM 7. TYPES OF CLIENTS

### TYPES OF CLIENTS

We provide investment advisory services to a wide variety of institutional clients, including U.S. registered investment companies, collective investment funds offered and maintained by the Bank or its affiliates, corporate pension and profit sharing plans, Taft-Hartley plans, public plans, trusts, charitable institutions, foundations, endowments, municipalities, and sovereign funds as well as other U.S. and international institutions and other non-US regulated funds.

### ACCOUNT REQUIREMENTS

We generally require 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 which vary depending on the strategy, but also on the complexity of the mandate, therefore each opportunity is assessed on a case-by-case basis; they may also be subject to minimum annual fees; *see Item 5 for more information*. While these are the minimum stated account sizes, we may consider accepting smaller accounts depending on the nature of the client and prospective incremental funding rates, or when a relationship currently exists with the client. The Firm may elect to waive the minimum account size and negotiate fee rates at its sole discretion.

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

### **THE FIRM'S INVESTMENT PROCESS**

The current Newton investment process is characterized by an active bottom-up approach, and has been in place since Newton's inception in 1978. Over the years, we have adapted it to suit different market environments, but the core of it has remained unchanged.

The starting point of Newton's investment process, for both equities and bonds, is the identification of investment themes. Through construction of a thematic framework which focuses our global research, we gain valuable insight into the powerful forces of change affecting investment opportunities around the world. Our themes help to identify the beneficiaries of such change while also highlighting areas of risk. Themes enable us to take a step back and assess the 'bigger picture'. A key advantage of this approach is that it directs analysts and portfolio managers towards profitable investment opportunities, highlighting attractively priced securities with the right characteristics. Our global thematic approach also helps us to identify potential areas of risk. Critically, we assess the relative merits of asset classes and securities within those asset classes, regardless of their domicile, as reflected by the specialisation of our analysts on a sector basis, not by geography. The risk management advantages provided by our global and holistic investment process are powerful.

Our single location facilitates natural debate and provides a powerful combination of perspectives from our global industry analysts, credit analysts, strategists, alternatives specialists, and equity and fixed income portfolio managers challenging one another.

Fundamental and rigorous research by our global industry analysts and portfolio managers can be focused and prioritised making for what we believe to be a robust investment approach. It can help to maximise the scrutiny of interesting ideas and the time lag between idea initiation and implementation in client portfolios. We also avoid having to justify the expense of regionally located research teams, avoid the inclination to make local recommendations regardless of conviction and have greater control over prioritising the strongest global research ideas.

Accountability is important when investing with such conviction. Portfolio managers are given the discretion to exercise creative flair and to reflect individual stock preferences within portfolios. However, as our process is based on collaboration and collegiate thinking, there is a high level of commonality between similar mandates.

### **INVESTMENT PROCESS FOR EQUITIES**

One of Newton's key strengths is its ability, through its global research team, to conduct proprietary research across global sectors, rather than just within the narrow confines of geographic borders.

We believe that one of the main differentiators (and one of the main strengths) of our investment team is having career analysts. Our analysts are not trainee portfolio managers, as research at Newton is a separate career path from portfolio management. The total focus of an analyst is to become an expert in their sector and use this knowledge to pick the best investment ideas from around the world. This is one of the unique selling points of Newton's investment approach. Our analysts come from a wide range of backgrounds: some are experienced in the industry for which they are responsible, some have prior experience as an analyst, and some are experienced within the management consulting or accounting industries.

The analysts use Newton's themes as a starting point, assessing how they affect their respective sectors with a long-term horizon. The analysts then identify the key long-term trends impacting their respective industries. When they have identified these few key trends, they are able to identify the companies which are best aligned with the positive industry trends and aim to avoid the negative ones and, therefore, identify the companies with "strong fundamentals". It is at this stage that detailed stock-level financial analysis is undertaken on these identified "strong fundamental" stocks.

Our analysts use a variety of valuation techniques, including earnings, asset value, cash flow and cost of capital measurements. The measurements used reflect their appropriateness to a particular industry or company. We do not give particular weight to any individual accounting ratio in our analysis. We believe that dogmatic adherence to any particular ratio would inevitably result in some information being missed. Overall, we believe that it is better to understand the company accounts as a whole in order to appreciate fully the risks it faces and the value it represents, as well as its ability to generate cash.

If the valuation of a stock is found to be attractive as well as having “strong fundamentals”, it is an “ideal candidate” for the research recommended lists (RRLs), which are lists of recommendations prepared by the global industry analysts for the portfolio managers. The RRLs are the principal “menu” used by the portfolio managers while constructing portfolios. RRLs are a focused list of best recommendations. We believe research should be flexible and opportunity focused, with an emphasis on insight and interpretation, rather than waterfront coverage of sectors.

Responsible investment is embedded into the entire process, being factored in from start to finish and our dedicated responsible investment specialists form part of our global research team. Before any new stock is recommended for investment by the global research analyst, an ESG quality review is conducted. This additional level of information allows the investment team to understand the key environmental, social and corporate governance risks (“ESG”) and opportunities the company faces, as well as how these issues are being managed.

The research output from our global analysts is supplemented and prioritised by our portfolio managers. The interaction between professionals in these different and complementary roles is critical to achieving the optimum output from our research. Both analysts and portfolio managers are involved in the research process with a high degree of engagement between them. Analysts are purely focused on research and lead the coverage of their specific sector on a global basis. However, especially at a regional level, portfolio managers can be involved in a supporting, and sometimes equal, role to assist with coverage of smaller companies and/or regions. Portfolio managers pursue the same approach as analysts when approaching stock research.

**Portfolio construction:** Our portfolio construction process is designed to enable our portfolios to deliver consistent long-term performance.

The portfolio manager draws upon the output of our thematic work and our global research team and conducts his/her own research to ensure that the portfolio is composed of stocks in which we have strong conviction. Portfolios are constructed holistically, with portfolio manager, who has ultimate responsibility for every position within the portfolio, carefully considering risk, making qualitative judgments on the impact of new positions, exiting from current positions or existing market conditions would have on the overall portfolio.

Model portfolios for each key type of mandate form the basis of the link between idea generation and portfolio construction. To construct models, each team selects stocks from the ideas generated across Newton. Model portfolios are used as a point of reference. Live portfolios are constructed with reference to the model portfolio; the overall balance and risk of the portfolio is taken into consideration, with deviations reflecting the differing mandate objectives and risk parameters.

**Positioning:** In our equity portfolios, the most important aspect of portfolio construction is stock selection as bottom-up decisions drive, to a large extent, a portfolio's allocation to countries, sectors, and currencies. When purchasing a stock, the potential upside will have been evaluated by the global research and/or the portfolio management team. The valuation and risk assessment is made with a multi-year investment horizon. Stocks are monitored on an ongoing basis, with the analysts and portfolio managers continually assessing the implications of movements in the markets, the news or any developments affecting the holdings. The information gathered from these reviews may result in the decision to take profits or to increase, reduce or sell out of a position entirely. As active managers, we seek to steer our clients away from risks which we believe threaten the fulfilment of their objectives.

**Investment risk:** Management of investment risk is conducted within the investment process rather than solely through quantitative controls. At the forefront of risk awareness and risk management are the portfolio managers, who actively manage risk and return on a daily basis and who participate in the processes of idea generation, sharing, evaluation and implementation in portfolios, and interaction is key to this process.

In order to avoid unintended risks the following key groups are involved in monitoring portfolios to ensure that any risk taken is deliberate, intentional and has a commensurate expected return:

- The Investment Risk Team (IRT): is part of the investment risk oversight process for Newton's portfolios and provides information to the investment risk group and senior management on portfolio construction and risk profiles. The IRT produces comparative and independent analyses of portfolios.
- The Investment Risk Oversight Group (IROG): is an oversight group that meets monthly with representatives from the IRT and the investment team to review a detailed pack of information on the risk profiles of portfolios. The IROG is responsible for identifying the most important risk-related issues and highlighting them to portfolio managers and senior management. The IROG reports to Newton's investment oversight committee.
- The Performance Measurement Team: it is involved in analysing performance and attribution; this analysis is fed back to the IRT, providing useful information on sources of return and risk.

Additionally, our investment themes focus as much on identifying risks as well as capturing opportunities associated with all types of investments. This primary level of risk assessment is continued into the detail of our investment approach: our research analysts and portfolio managers conduct proprietary research on underlying securities to become fully aware of all investment risks. Our portfolios are constructed as holistic seamless funds, with the risk and return qualities of the combination of holdings explicitly understood. This last aspect is a vital differentiating characteristic, and sits in stark contrast to a fund-of-funds approach, where such clear risk analysis is neither so identifiable nor so intuitive.

## INVESTMENT PROCESS FOR FIXED INCOME

The investment process for fixed income starts with the strategic thematic framework that characterises Newton's investment philosophy. Global themes representing key forces of observable change provide a long-term orientation to our fixed income strategy and a stimulus for debate and research, thereby also steering both our 'top-down' view of the world's bond and currency markets and our 'bottom-up' investment selection process. Themes highlight areas of opportunity as well of those of risk in the global investment landscape.

Our themes are supported by a variety of proprietary models that help us determine value and changing economic trends. Themes help us understand the level of economic growth but also whether there will be an increase in inflation and the demand and supply of bonds. Themes point us in the direction of markets and sectors that should benefit from global trends and individual companies that are better placed to take advantage of the opportunities and threats that our themes help us identify. We can then use models to see how much of this is already priced into markets. We use our models to inform our thinking and not as an automatic buy or sell signal. When there are big discrepancies between models and the underlying asset we can usually point to a specific theme that is the cause of the distortion.

The top down part of the process is responsible for defining which bond asset class we want to buy, how much interest rate risk, whether we want long or short dated assets and our overall currency exposure.

Having a global approach means that this evaluation enables us to spot the differences between countries. It maybe that we conclude a chance of rising inflation and higher central bank rates in one country and not another. We can therefore invest in one government bond market where we expect low inflation and low interest rates to prevail, and perhaps take a short position in the government bonds of another country in which we expect higher inflation and interest rates, by selling bond futures or buying put options on bond futures.

Stronger economic growth is usually supportive of credit and risk assets such as High Yield and Emerging Markets. We aim to exploit the phases of the economic cycle by shifting towards these assets during periods of rising economic growth and back towards government bonds when recessions are likely. Alternatively, we can have a balance between the markets when the direction for economic growth is unclear.

Finally, the level of economic growth and the level of interest rates can determine the value of currencies. Using our top down process we can define a currency overlay that suits our understanding of the direction and make-up of the global economy. The currency exposure of the strategy can also be used to dampen the overall level of risk we are taking especially if we are entering a period of uncertainty.

As well as providing an understanding of value at the top level, a combination of themes and models helps us in our 'bottom-up' bond and sector selection. Themes point us in the direction of markets and sectors that should benefit from global trends and individual companies that are better placed to take advantage of the opportunities and threats that our themes help us identify.

Using regression analysis, we filter the global universe to help identify value. These two initial stages result in a more manageable universe of bonds. The credit analysts in consultation with the equity research and responsible investment team carry out detailed company and bond selection. This incorporates fundamental analysis of the issuer and the issue as well as analysis of proprietary forecasting models, stress tests and peer-group comparisons to arrive at corporate bond recommendations. We aim to find sustainable companies where the interests of bondholders and shareholders are aligned, or at least likely to become more aligned.

A thematic approach that can be used to identify changing economic trends helps to anticipate when to change the fixed income allocation and to adjust the risk levels. We utilise a bespoke global bond management portfolio analytics tool which allows us to simulate the effect of possible buys/sells and cash flow movements to be calculated using 'what if' scenarios. By using the 'what if' tool, it calculates changes to the portfolio, including the possible effect on risk statistics.

**Investment risk:** As with all our portfolios, the management of investment risk is conducted within the investment process rather than solely through quantitative controls.

At the forefront of risk awareness and risk management are the portfolio managers who actively manage risk and return on a daily basis and who ensure we have a repeatable process that enables us to anticipate the changing economic cycle. All investments are chosen by the team, with ultimate responsibility sitting with the lead portfolio manager.

Rather than using backward-looking VaR analysis we prefer to stress test fixed income strategies based on the possibility of events in the future and use forward-looking scenario analysis and monitor daily the positions in the fund. This is done both on the fixed income desk and also by Newton's Investment Risk Oversight Group (IROG). The output may lead to a re-evaluation of positions if we are not comfortable with the current allocation. Monitoring of the strategy using live pricing can also highlight where the current allocation is working and where we may be vulnerable to a change in direction. This is one of the most valuable sources of information on the level of risk being taken and whether the mix of assets is correct for the current market environment.

Portfolios are then subject to the same monitoring as with equity portfolios including work done by the Investment Risk Team (IRT), the Investment Risk Oversight Group (IROG) and Performance Measurement Team as described above.

## **RISKS INVOLVED WITH STRATEGIES OFFERED**

Each investment strategy that the Firm offers invests in a variety of security types and employs a number of investment techniques that involve certain risks. Investing in securities involves risk of loss that the investor should be prepared to bear.

The table overleaf indicates the specific risks to which a strategy may be exposed. An "X" in the table indicates that the strategy involves the corresponding risk. An empty box indicates that the strategy does not involve the corresponding risk in a material way. However, an empty box does not guarantee that the strategy will not be subject to the corresponding risk.

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

	Global Multi-Asset Income Strategy	Global Multi-Asset Strategy	Sustainable Global Real Return Strategy	Global Real Return Strategy	International Equity Income Strategy	Sustainable International Equity Strategy	International Equity Strategy	Sustainable Global Emerging Market Equity Strategy	Global Emerging Market Equity Strategy	Sustainable US Equity Strategy	Concentrated Global Equity Strategy	Sustainable Global Equity Income Strategy	Global Equity Income Strategy	Sustainable Global Equity Strategy	Global Equity Strategy	Global Dynamic Bond Income Strategy	Sustainable Global Dynamic Bond Strategy	Global Dynamic Bond Strategy	Global Bond Strategy
Allocation Risk	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Banking Industry Risk	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Clearance And Settlement Risk	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Counterparty Risk	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Country, Industry and Market Sector Risk	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Credit Risk	X	X	X	X															
Concentration Risk	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Cybersecurity Risk	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Derivatives Risk	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Emerging Market Risk – Equities					X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Emerging Market Risk – Fixed Income	X	X	X	X															
ESG investment approach Risk			X			X		X		X		X		X					
Foreign Currency Risk	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X



	Global Multi-Asset Income Strategy	Global Multi-Asset Strategy	Sustainable Global Real Return Strategy	Global Real Return Strategy	International Equity Income Strategy	Sustainable International Equity Strategy	International Equity Strategy	Sustainable Global Emerging Market Equity Strategy	Global Emerging Market Equity Strategy	Sustainable US Equity Strategy	Concentrated Global Equity Strategy	Sustainable Global Equity Income Strategy	Global Equity Income Strategy	Sustainable Global Equity Strategy	Global Equity Strategy	Global Dynamic Bond Income Strategy	Sustainable Global Dynamic Bond Strategy	Global Dynamic Bond Strategy	Global Bond Strategy
Foreign Government Obligations Risk	X	X	X	X							X					X	X	X	X
Foreign Investment Risk	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
General Risks	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Government Securities Risk	X	X	X	X												X	X	X	X
Growth And Value Stock Risk					X	X	X	X	X	X	X	X	X	X	X				
Interest Rate Risk	X	X	X	X							X					X	X	X	X
Investment Strategy Risk	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Issuer Risk	X	X	X	X												X	X	X	X
Large Cap Stock Risk					X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Liquidity Risk	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Market Risk	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Small And Mid-Size Company Risk	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Stock Investing Risk					X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Stock Selection Risk					X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

- **Allocation risk.** The asset classes in which a strategy seeks investment exposure can perform differently from each other at any given time (as well as over the long term), so a strategy will be affected by its allocation among the various asset classes. If the strategy favors exposure to an asset class during a period when that class underperforms, performance may be hurt.
- **Banking industry risk.** The risks generally associated with concentrating investments in the banking industry, such as interest rate risk, credit risk, and regulatory developments relating to the banking industry.
- **Clearance and settlement risk.** Many emerging market countries have different clearance and settlement procedures from developed countries. There may be no central clearing mechanism of settling trades and no central depository or custodian for the safe keeping of securities. The registration, record-keeping and transfer of instruments may be carried out manually, which may cause delays in the recording of ownership. Increased settlement risk may increase counterparty and other risk. Certain markets have experienced periods when settlement dates are extended, and during the interim, the market value of an instrument may change. Moreover, certain markets have experienced periods when settlements did not keep pace with the volume of transactions resulting in settlement difficulties. Because of the lack of standardized settlement procedures, settlement risk in emerging markets is more prominent than in more mature markets.
- **Counterparty risk.** The risk that counterparty in a repurchase agreement or other derivative investment could fail to honor the terms of its agreement.
- **Country, industry and market sector risk.** The strategy may be over weighted or underweighted, relative to the benchmark index, in companies in certain countries, industries or market sectors, which may cause the strategy's performance to be more or less sensitive to positive or negative developments affecting these countries, industries or sectors. In addition, the strategy may, from time to time, invest a significant portion (more than 25%) of its total assets in securities of companies located in particular countries, such as the United Kingdom and Japan, depending on such country's representation within the benchmark index.
- **Credit risk.** Failure of an issuer to make timely interest or principal payments, or a decline or perception of a decline in the credit quality of a bond, can cause a bond's price to fall.
- **Concentration risk.** A strategy may have a concentrated portfolio due to investment in a limited number of securities, giving rise to concentration risk. A fall in the value of a single security may have a greater impact on the strategy's value than if the strategy had a more diversified portfolio.
- **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.
- **Derivatives risk.** A small investment in derivatives could have a potentially large impact on the strategy's performance. The use of derivatives involves risks different from, or possibly greater than, the risks associated with investing directly in the underlying assets. Derivatives can be highly volatile, illiquid and difficult to value, and there is the risk that changes in the value of a derivative held by the strategy will not correlate with the underlying instruments or the strategy's other investments. Derivative instruments also involve the risk that a loss may be sustained as a result of the failure of the counterparty to the derivative instruments to make required payments or otherwise comply with the derivative instruments' terms. Certain types of derivatives involve greater risks than the underlying obligations because, in addition to general market risks, they are subject to illiquidity risk, counterparty risk and credit risk. Additionally, some derivatives involve economic leverage, which could increase the volatility of these investments as they may fluctuate in value more than the underlying instrument.

- Emerging market risk – equities. The securities of issuers located in emerging markets tend to be more volatile and less liquid than securities of issuers located in the markets of more mature economies, and generally have less diverse and less mature economic structures and less stable political systems than those of developed countries. These securities are often subject to rapid and large changes in price.
- Emerging market risk – fixed income. The securities of issuers located in emerging markets tend to be more volatile and less liquid than securities of issuers located in the markets of more mature economies, and generally have less diverse and less mature economic structures and less stable political systems than those of developed countries. The fixed income securities of issuers located in emerging markets can be more volatile and less liquid than those of issuers in more mature economies. In addition, such securities often are considered to be below investment grade credit quality and predominantly speculative.
- ESG investment approach risk. The strategy's investment approach may cause it to perform differently than strategies that invest in securities of companies, but that do not integrate consideration of environmental, social and governance ("ESG") issues when selecting investments. The strategy's investment approach that systematically integrates the consideration of ESG issues in the securities selection process may result in the strategy forgoing opportunities to buy certain securities when it might otherwise be advantageous to do so, or selling securities when it might be disadvantageous for the strategy to do so. The strategy will vote proxies in a manner that is consistent with its investment approach, which may not always be consistent with maximizing the performance of the issuer.
- 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 government obligation risk. Investing in the sovereign debt of countries creates exposure to the direct or indirect consequences of political, social or economic changes in the countries that issue the securities or in which the issuers are located. The ability and willingness of sovereign obligors in countries or the governmental authorities that control repayment of their debt to pay principal and interest on such debt when due may depend on general economic and political conditions within the relevant country. Certain countries in which the strategy may invest have historically experienced, and may continue to experience, high rates of inflation, high interest rates and extreme poverty and unemployment. Some of these countries are also characterized by political uncertainty or instability. Additional factors which may influence the ability or willingness to service debt include a country's cash flow situation, the availability of sufficient foreign exchange on the date a payment is due, the relative size of its debt service burden to the economy as a whole and its government's policy towards the International Monetary Fund, the International Bank for Reconstruction and Development and other international agencies. The ability of a foreign sovereign obligor to make timely payments on its external debt obligations also will be strongly influenced by the obligor's balance of payments, including export performance, its access to international credits and investments, fluctuations in interest rates and the extent of its foreign reserves. A governmental obligor may default on its obligations. Some sovereign obligors in countries have been among the world's largest debtors to commercial banks, other governments, international financial organizations and other financial institutions. These obligors, in the past, have experienced substantial difficulties in servicing their external debt obligations, which led to defaults on certain obligations and the restructuring of certain indebtedness.
- Foreign investment risk. Special risks associated with investments in foreign companies include exposure to currency fluctuations, less liquidity, less developed or less efficient trading markets, lack of comprehensive company information, political or economic instability, seizure or nationalization of assets, imposition of taxes or repatriation restrictions and differing auditing and legal standards. The securities of issuers located in emerging markets can be more volatile and less liquid than those of issuers in more mature economies.
- General risks. Each investment strategy we offer invests in a variety of securities and employs a number of investment techniques that involve certain risks. Investments involve risk of loss that clients 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 investors that our investments will be profitable, and in fact, investors could incur substantial losses. The investor's investments with us are not a bank deposit and are not insured or guaranteed by the FDIC or any other government agency.
- Government securities risk. Not all obligations of the U.S. government's agencies and instrumentalities are backed by the full faith and credit of the U.S. Treasury. Some obligations are backed only by the credit of the issuing agency or instrumentality, and in some cases there may be some risk of default by the issuer. Any guarantee by the U.S. government or its agencies or instrumentalities of a security held by the strategy does not apply to the market value of such security. A security backed by the U.S. Treasury or the full faith and credit of the United States is guaranteed only as to the timely payment of interest and principal when held to maturity. In addition, because many types of U.S.

government securities trade actively outside the United States, their prices may rise and fall as changes in global economic conditions affect the demand for these securities.

- **Growth and value stock risk.** By investing in a mix of growth and value companies, the strategy assumes the risks of both. Investors often expect growth companies to increase their earnings at a certain rate. If these expectations are not met, investors can punish the stocks inordinately, even if earnings do increase. In addition, growth stocks typically lack the dividend yield that can cushion stock prices in market downturns. Value stocks involve the risk that they may never reach their expected full market value, either because the market fails to recognize the stock's intrinsic worth, or the expected value was misgauged. They also may decline in price even though in theory they are already undervalued.
- **Interest rate risk.** Prices of debt securities tend to move inversely with changes in interest rates. Typically, a rise in rates will adversely affect the prices of these securities and, accordingly, the value of investment. The longer the effective maturity and duration of the strategy's portfolio, the more the value of the investor's investment is likely to react to interest rates. Mortgage-related securities can have a different interest rate sensitivity than other bonds, however, because of prepayments and other factors, and may carry additional risks and be more volatile than other types of debt securities due to unexpected changes in interest rates.
- **Investment strategy risk.** A strategy's sustainability investment criteria may limit the number of investment opportunities available to the strategy, and, as a result, at times the strategy's returns may be lower than those of strategies that are not subject to such special investment considerations.
- **Issuer risk.** The value of a security may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's products or services.
- **Large cap stock risk.** To the extent a strategy invests in large capitalization stocks, the strategy may underperform strategies that invest primarily in the stocks of lower quality, smaller capitalization companies during periods when the stocks of such companies are in favor.
- **Liquidity risk.** When there is little or no active trading market for specific types of securities, it can become more difficult to sell the securities at or near their perceived value. In such a market, the value of such securities and the value of the investor's investment may fall dramatically. Liquidity risk also exists when a particular derivative instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price. The secondary market for certain municipal bonds tends to be less well developed or liquid than many other securities markets, which may adversely affect the strategy's ability to sell such municipal bonds at attractive prices.
- **Market risk.** The market value of a security may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. A security's market value also may decline because of factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry.
- **Small and midsize company risk.** Small and midsize companies carry additional risks because the operating histories of these companies tend to be more limited, their earnings and revenues less predictable (and some companies may be experiencing significant losses), and their share prices more volatile than those of larger, more established companies. The shares of smaller companies tend to trade less frequently than those of larger, more established companies, which can adversely affect the pricing of these securities and the strategy's ability to sell these securities. These companies may have limited product lines, markets or financial resources, or may depend on a limited management group. Some of the strategy's investments will rise and fall based on investor perception rather than economic factors. Other investments are made in anticipation of future products, services or events whose delay or cancellation could cause the stock price to drop.
- **Stock investing risk.** Stocks generally fluctuate more in value than bonds and may decline significantly over short time periods. There is the chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising prices and falling prices. The market value of a stock may decline due to general market conditions that are not related to the particular company, such as real or perceived adverse economic conditions, changes in the outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally. A security's market value also may decline because of factors that affect a particular industry, such as labor shortages or increased production costs and competitive conditions within an industry, or factors that affect a particular company, such as management performance, financial leverage, and reduced demand for the company's products or services.
- **Stock selection risk.** Although the strategy seeks to manage risk by broadly diversifying among industries and by maintaining a risk profile generally similar to the relevant index, the strategy is expected to hold fewer securities than the index. Owning fewer securities and having the ability to purchase companies not listed in the index can cause the strategy to underperform the index.

## **ITEM 9. DISCIPLINARY INFORMATION**

From time to time, Newton and/or BNY Mellon and its affiliates 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 NIMNA's advisory business or integrity of our management.

## ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Newton Investment Management Limited ("NIM") is the UK based investment affiliate that provides a number of different services to the Firm such as research and performance measurement. All investment personnel of the Firm are also employees of NIM. NIM is a limited liability company incorporated under the laws of England and Wales authorised and regulated in the UK by the Financial Conduct Authority. As described in section 4, "Newton", throughout this document, refers to the following companies: NIM and the Firm, both of which are 100% owned subsidiaries of Newton Management Limited ("NML") The Firm, NIM, NIMNA LLC (*as defined and described in Item 14*), NML, the Bank, MBSC and Dreyfus are all owned by 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 world-wide client focused team that enables institutions and individuals to manage and service their financial assets. BNY Mellon Investment Management is the umbrella designation for BNY Mellon's affiliated investment management firms, 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.

In addition to the investment advisory service provided by the Firm and outlined in Item 4, certain of our employees are also officers of The Bank of New York Mellon, an affiliated New York State chartered bank (the "Bank"). In their capacities as officers of the Bank ("dual officers"), these Newton personnel provide oversight of discretionary investment advisory services and administrative and operational services to certain collective investment funds of the Bank.

We may enter into transactions with unaffiliated counterparties or third party service providers who then use affiliates of ours to execute such transactions. Additionally, we 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 provided by our affiliates to such unaffiliated counterparties, third party service providers and/or issuers 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 is made by the unaffiliated counterparty, third party service provider or issuer. Further, we will likely be unaware that the affiliate is being used to enter into such transaction or service.

BNY Mellon and/or its other affiliates may gather data from us about our business operations, including information about holdings within client portfolios, which is required for regulatory filings to be made by us, 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 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 us, are subject to certain U.S. banking laws, including the Bank Holding Company Act of 1956, as amended (the "BHCA"), and to regulation and supervision by the Board of Governors of the Federal Reserve System (the "Federal Reserve"), 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 that 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 and the Dodd-Frank Act or other legal requirements applicable to (or reduce or eliminate the impact or applicability of any bank regulatory or other restrictions on) us and accounts 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 otherwise “covered fund”, with the exception, in some instances, of maintaining a de minimis investment, subject to certain other conditions and/or exceptions, (ii) engaging in proprietary trading, and (iii) entering into certain transactions involving 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 Newton), 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 will be restricted from using a BNY Mellon affiliate as custodian or in other capacities for covered funds as well as being 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 MBSC Securities Corporation and BNY Mellon entities, who solicit persons to invest in various products, including private funds and our separate account products, for which we act as investment manager. We or our affiliates are solely responsible for the payment of these commissions and fees - they will not be borne by the private funds and their investors. We or our affiliates pay these commissions and fees out of our profits, and these payments do not increase the fees paid by the private fund’s investors. These financial incentives may cause the placement agents and their employees and/or salespersons to steer investors toward those private funds that will generate higher commissions and fees. *Please see Item 14 for more information on the compensation arrangements related to client referrals.*

Our sales and client service employees are registered representatives of our affiliate, MBSC Securities Corporation, a registered investment adviser under the Investment Advisers Act of 1940, as amended, a registered broker-dealer under the Securities Exchange Act of 1934, as amended, and a member of the Financial Industry Regulatory Authority. In their capacity as registered representatives of MBSC, these employees sell and provide services regarding funds sub-advised by us. There is a financial arrangement in place between us and MBSC.

## AFFILIATED REVENUE SHARE ARRANGEMENTS

We have affiliated revenue share agreements in place with other BNY Mellon entities, which solicit persons to invest in various funds, separate account strategies and sometimes also provide other administrative services. In certain instances, we enter into revenue sharing arrangements with affiliates where we either receive a portion of the fee, or bill the entire fee to the client and reimburse the affiliate. We or our affiliates are solely responsible for the payment of these fees. They will not be borne by clients or fund investors (directly or indirectly) and come out of our own profits. *Please see Item 14 for more information on the compensation arrangements related to client referrals.*



## AFFILIATED SERVICE PROVIDERS

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

## DUAL OFFICERS AND EMPLOYEES

Certain of our employees act as officers of The Bank of New York Mellon, an affiliated New York chartered bank (the "Bank") for the purposes of performing oversight of discretionary investment advisory services and administrative and operational services to certain collective investment funds of the Bank and we receive a fee for such services.

We may also provide sub-advisory services to certain affiliated registered investment companies by serving as a sub-adviser to Dreyfus and to certain affiliated collective investment funds by serving as sub-adviser to the Bank. For such services, we receive a portion of the investment management fee received by Dreyfus or the Bank respectively from each investment company or collective investment fund to which it renders advice.

## OTHER RELATIONSHIPS

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

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

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

BNY Mellon, among several other leading investment management firms, has a minority equity interest in 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 our Form ADV, Part 1A - Schedule D, Section 7.A for a list of our affiliated advisers and broker-dealers.* Several of our investment adviser affiliates have, collectively, a significant number of investment-related private funds for which a related person serves as sponsor, general partner or managing member (or equivalent), respectively. *Please refer to the Form ADV, Part 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 we select the broker to effect purchases or sales of securities for client accounts, we use either an affiliated or unaffiliated broker (unless otherwise restricted by an agreement, law or regulation). We may have an incentive to enter into transactions with an affiliated broker-dealer, in an effort to direct more commission dollars to the affiliate.

We have broker selection policies in place that require our selection of a broker-dealer to be consistent with its duties of best execution, and subject to any client and regulatory proscriptions. *Please see Item 12 for more information on our broker selection process.*

Certain unaffiliated brokers-dealers we use to execute trades for our clients may use a broker-dealer affiliated with us to clear those trades. In such cases, the clearing broker receives a clearance fee negotiated and paid by the executing broker-dealer. The decision to use an affiliate of ours in these circumstances is made by the unaffiliated executing broker-dealer, and we have no influence over whether a broker-dealer we select to execute client trades clears through one of our affiliates, or the financial arrangement between them. In addition, we are typically unaware that the executing broker dealer has chosen to use one of our affiliates to clear such trades.

We provide sub-advisory services to certain affiliated registered investment companies by serving as a sub-adviser to The Dreyfus Corporation ("Dreyfus") and to certain bank collective investment funds by serving as a sub-adviser to The Bank of New York Mellon. For such services, we receive a portion of the investment management fee received by Dreyfus from each investment company, or a portion of the management fee received by The Bank of New York Mellon from each bank collective investment fund, to which the firm renders advice.

We may be prohibited or limited from effecting transactions for you because of rules in the marketplace, foreign laws or our own policies and procedures. In certain cases, we may face further limitations because of aggregation issues due to our relationship with affiliated investment management firms. *Please also refer to Item 12, below, for a discussion of trade aggregation issues.*

## **AFFILIATED UNDERWRITERS**

Our broker-dealer affiliates occasionally act as underwriter or as a member of the underwriting syndicate for certain new issue securities, which may create an incentive for us 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, we may purchase on behalf of our clients securities in an offering in which an affiliate is acting as an underwriter or as a member of the underwriting syndicate during the syndication period, so long as requirements of the policy, including written approval and compliance with certain investment criteria are met. The policy prohibits direct purchases from an affiliate for any fiduciary account under any circumstances.

## **AFFILIATED WRAP SPONSORS**

We are a participant in various wrap programs sponsored by affiliates, such as MBSC Securities Corporation, and non-affiliates. With respect to accounts which are opened through the wrap programs in which Newton is a portfolio manager, we will utilize the execution services of the wrap program sponsor, or such sponsor's affiliate where it deems it appropriate, consistent with seeking best execution for the client, although it may utilize other brokers where deemed appropriate, which would typically result in commission charges payable by the client in addition to the wrap program fee. Both affiliated and non-affiliated sponsors may obtain advisory, brokerage, clearing, and other wrap program services from affiliates or us, including among others, MBSC Securities Corporation, Pershing LLC and Lockwood Advisors, Inc.

Our relationships with wrap program sponsors may create conflicts of interest for the sponsors and us. A client in a wrap program has access to those investment advisers participating in the program. Wrap program sponsors typically select the investment advisers who participate in the program, and provide advice to clients regarding the selection of an investment adviser from among the advisers participating in the program. If the wrap program sponsor is affiliated with us, the sponsor may have an incentive to give us access to the program and to steer clients toward us, based on the affiliation rather than based on our expertise or performance or the client's needs. However, we are subject to the same selection and review criteria as the other advisers who participate in our affiliates' wrap programs. Likewise, we, in hopes of gaining clients through a wrap program, may have an incentive to execute brokerage transactions through the program sponsor (whether affiliated or unaffiliated), who in turn has the power to recommend us to program participants.

## **AFFILIATED BANKING INSTITUTIONS**

BNY Mellon engages in trust and investment business through various banking institutions, including the Bank and BNY Mellon, National Association. These affiliated banking institutions may provide certain services to us, such as recordkeeping, accounting, marketing services, and referrals 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.

Certain of our employees are also officers of the Bank. In their capacity as officers of the Bank, our 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 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 provide services (such as trustee, custodial or administrative services) to issuers of securities. Because of their affiliation with us, our ability to purchase securities of such issuers and to take advantage of certain market opportunities may be subject to certain restrictions and in some cases, prohibited.

## 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 the framework and sets the expectations for business conduct to its employees. In addition, it clarifies the Firm’s 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:** Mutual respect and professional treatment; harassment-free environment; safety and security; and managers’ responsibilities.
2. **Avoiding Conflicts:** Gifts and entertainment; outside employment and business dealings; outside service as a director, trustee, officer, investment committee member, partner or business owner of a for-profit business or a not-for-profit organization; ownership of an outside business; fiduciary appointments; personal investment decisions; dealing with family and close personal friends; and corporate opportunities.
3. **Conducting Business:** fair competition and anti-trust; anti-corruption and improper payments; and combating financial crime and money laundering.
4. **Working With Governments:** Know the restrictions or limitations on presenting and receiving hospitality; observe a higher standard of care; and cooperate with government investigations and audits.
5. **Protecting Company Assets:** Financial integrity; additional standards for senior financial professionals; use of company assets; protecting client and employee records and observing our privacy principles; global records management program; use of computers, systems and corporate information; and inside or proprietary information;
6. **Supporting Our Communities:** Political activities; investor and media relations; charitable contributions and corporate sponsorship; and participating in trade associations, conferences and speaking engagements.

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 Newton. Each of the Firm’s employees is classified as one of the following:

1. **Investment employee (“IE”):** IE is an employee who, in the normal conduct of his/her job responsibilities, has access (or is likely to be perceived to have access) to non-public information regarding any advisory client’s purchase or sale of securities or non-public information regarding the portfolio holdings of any proprietary fund, is involved in making securities recommendations to advisory clients or has access to such recommendations before they are public.
2. **Access decision maker (“ADM”):** Generally employees are considered to be ADM Employees if they are portfolio managers or research analysts and make or participate in recommendations or decisions regarding the purchase or sale of securities for mutual funds and other managed accounts or managed accounts. Portfolio managers of broad-based index funds and traders are not typically classified as ADM Employees.
3. **Non-Classified Employee:** Our employees are considered non-classified if they are not an IE or ADM.

#### PSTP overview:

1. IEs and ADMs are subject to preclearance and personal securities reporting requirements, with respect to discretionary accounts in which they have direct or indirect ownership.
2. Transaction reporting is not required for non-discretionary accounts, transactions in exempt securities or certain other transactions that are not deemed to present any potential conflicts of interest.
3. Preclearance is not required for transactions involving certain exempt securities (such as open-end investment company securities that are not proprietary funds or money market funds) and short-term instruments, non-financial commodities; transactions in non-discretionary accounts (approved accounts over which the employee has no direct or indirect influence or control over the investment decision-making process); transactions performed pursuant to automatic investment plans; and certain other transactions detailed in the PSTP which are either involuntary or deemed not to present any potential conflict of interest.
4. We have a "Preclearance Compliance Officer" who maintains a "restricted list" of companies whose securities are subject to trading restrictions. This list is used by the Preclearance Compliance Officer to determine whether or not to grant trading authorization.
5. The acquisition of any securities in a private placement requires prior written approvals.
6. With respect to transactions involving BNY Mellon securities, all employees are also prohibited from engaging in short sales, purchases on margin, option transactions (other than employee option plans), and short-term trading (i.e., purchasing and selling, or selling and purchasing BNY Mellon securities within any 60 calendar day period).
7. For IEs and ADMs, with respect to non-BNY Mellon securities purchasing and selling, or selling and purchasing the same or equivalent security within 60 calendar days is discouraged, and any profits must be disgorged.
8. Newton has a holding period requirement of 90 days. Therefore, employees cannot buy and sell (or sell and buy) a security within a 90 day period. If an employee breaches this rule, they may be issued a violation and asked to disgorge any profits realized from this transaction. **Please note that this requirement is super equivalent to the BNY Mellon requirement which is 60 days as stated above.**
9. 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 the Firm's accounts consistent with applicable law, and we follow procedures that are reasonably designed to treat the Firm's clients fairly and to prevent any client or group of clients from being systematically favored or disadvantaged.

### PRINCIPAL TRANSACTIONS

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

### CROSS TRANSACTIONS

From time to time securities to be sold on behalf of a client may be suitable for purchase by another client. In such instances, if we determine in good faith that the transaction is in the best interest of each client, then we may arrange for the securities to be transferred between the client accounts at an independently determined fair market value (a "cross trade"). 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 Newton, while the other client account pays only asset-based fees, we 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 us as permitted under applicable law. To mitigate these conflicts, we do not receive fees or commissions when making these trades and we execute these trades through an unaffiliated broker in the market to ensure fair and equitable treatment.

## TRANSACTIONS IN SAME SECURITIES

We do not invest in securities for our own account for our benefit.

## INTERESTS IN RECOMMENDED SECURITIES/PRODUCTS

The Firm has a fiduciary duty to manage all client accounts in a fair and equitable manner. We strive to provide the best execution of all securities transactions and aggregate and then allocate securities to client accounts in a fair and timely manner. To accomplish this, the Firm has developed policies and procedures designed to mitigate and manage the potential conflicts of interest that may arise. A description of these is included below.

On occasion, we may recommend the purchase or sale of securities that are issued by our parent company, BNY Mellon, or underwritten by its affiliate, BNY Mellon Capital Markets, LLC, for client accounts if such recommendation or purchase or sale is in accordance with the client's guidelines and applicable law. In addition, we or a related person may recommend the purchase of securities in certain non-US public funds (e.g. UCITS funds) which we manage and for which we may serve as sole director or managing member or collective investment funds maintained by the Bank (to which our personnel in their roles as dual officers of the Bank provide oversight of discretionary investment advisory services and administrative and operational services and for which we receive a fee and the Bank may receive a custodial fee for custody services). Newton, its employees, and our related persons currently invest in certain non-US public funds (e.g. UCITS funds) or collective funds that may also include client assets managed by us, and we and such related persons will receive proportional returns associated with our investment. Additionally, we may receive an investment management fee in our capacity as investment adviser or sub-adviser and related persons (including affiliated broker-dealers) may receive certain amounts associated with placement agent fees, custodial fees, administrative fees, loads, or sales charges.

## INVESTMENTS BY RELATED PERSONS AND EMPLOYEES

We and our existing and future employees, our board members, and our affiliates and their employees may from time to time invest in products managed by us. We have developed policies and procedures to address any conflicts of interest created by such investment. We are part of a large diversified financial organization that includes banks and broker-dealers. As a result, it is possible that a related person may, as principal, purchase securities or sell securities for itself that we also recommend to clients. We do permit our employees to invest for their own account within the guidelines and restrictions of the Code of Ethics, as described above. *For more information, please see "Interests in Recommended Securities/Products" in this Item 11, and "Dual Officers and Employees" and "Affiliated Underwriters/Trustees" in Item 10 with regard to purchases of securities in an offering where an affiliate acts as underwriter or a member of the underwriting syndicate.*

## AGENCY TRANSACTIONS INVOLVING AFFILIATED BROKERS

Neither we nor any of our officers or directors, acting as broker or agent, effects 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 1 for a list of broker-dealers which are our affiliates.*

## FOREIGN EXCHANGE (FX) TRANSACTIONS

Newton may effect FX transactions through an affiliate if the affiliate has been appointed as custodian by the client. In such transactions, Newton discloses this relationship, the capacity in which we act, and obtains consent to so act, when the client opens its discretionary account. If at any time a client wishes to revoke its consent to such transactions, it may provide us with written notice and upon receipt of such notice, we will refrain from engaging in any future FX transactions with the affiliate on the client's behalf. Under no circumstances does Newton receive compensation in relation to such transactions from either the affiliate or the client. Portfolio transaction decisions for its clients are made independently by us and are not based upon the interests of a related person. No client is required by Newton to enter into a relationship with a related person as a condition to the establishment or continuation of an advisory relationship. In addition, it is possible from time to time that such interests may be established independently by a related person without the knowledge of Newton pursuant to recommendations and arrangements independent of the services provided by us

and/or in situations where Newton is not exercising investment management discretion of a type that would give rise to the application of the policies and procedures described in the preceding paragraph.

## ITEM 12. BROKERAGE PRACTICES

### BROKER SELECTION

In most cases we have the authority to direct securities transactions on behalf of our clients to broker-dealers we select. All brokerage firms used by Newton are pre-approved via the Newton Counterparty approval process. Brokerage firms approved as part of this process are subject to an approval and ongoing monitoring process, which includes, but is not limited to, the broker's credit worthiness and financial stability, a review of the performance of execution services provided by the broker and the broker's ability to trade effectively on our clients' behalf. Newton maintains a list of all brokerage firms and counterparties that have been approved. This list is available on request.

The decision as to which brokerage firm or counterparty to use is at the sole discretion of the Newton dealing team and will depend on the circumstances of the particular order. Before the dealer makes a decision they may consult the portfolio manager to ascertain the objectives for the order and their preferences in relation to the relative importance of the execution factors, in order that best execution is achieved for its clients. From time to time Newton may request to use a brokerage firm or counterparty not on the list of approved brokers. Approval must be obtained on a one-off basis before any order is placed.

### SOFT DOLLARS

Section 28(e) of the Securities Exchange Act of 1934 provides a safe harbor that allows an adviser to use dollars generated from brokerage commissions from client transactions ("soft dollars") to pay for brokerage and research services provided by broker-dealers or third parties.

The term 'soft dollars' is commonly understood to refer to arrangements where an investment adviser uses client (or fund) brokerage commissions to pay for research and brokerage services to be used by the investment adviser. Newton does not receive research or other products or services other than execution from a broker-dealer or third party in connection with client securities transactions. Newton's procures, records, evaluates and pays for externally produced investment research out of its own resources and consequently, the Firm no longer receives research or other products or services other than execution from a broker-dealer or third party in connection with client securities transactions.

### OTHER BROKERAGE PRACTICES - CONFLICTS OF INTEREST

The following brokerage practices may lead to an actual or potential conflict of interest when selecting broker-dealers to execute client trades:

1. receiving client referrals from a broker-dealer;
2. acting on a client's direction to use a particular broker-dealer; and
3. using affiliated broker-dealers.

### BROKERAGE FOR CLIENT REFERRALS

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

### DIRECTED BROKERAGE

Newton may accept direction from a client to place specific transactions for a client's account with a particular broker-dealer. In the event that such direction occurs, we may have limited capability to negotiate commission levels or obtain volume discounts for execution services in connection with client securities transactions. In addition, in meeting the client's brokerage directive, we may not be able to aggregate these transactions with transactions that we effect for other accounts we manage and we may delay placing the orders for directed transactions until our orders for other accounts have been completed. As a result, the net price paid or received by the directed transactions may be different than the price paid or received by our other accounts. Directing brokerage may cost clients more money and we may not carry out directed brokerage if we feel that we may not receive best execution for all our clients.



In the event that a client requests directed brokerage, under the rules of the United Kingdom's Financial Conduct Authority, Newton's duty to achieve best execution would only apply with respect to those aspect or parts of an order not covered by the directed brokerage instruction.

## **TRADE AGGREGATION AND TRADE ALLOCATION**

Newton places orders for execution across multiple asset classes, including equity, derivatives, fixed income, collective investments and currencies. The Newton dealing team places and executes instructions received from portfolio managers.

Newton has a dedicated dealing team which handles these instructions as follows:

1. how instructions in the same security and the same direction (i.e. buy or sell) are aggregated; and
2. how the order proceeds or securities are allocated once an execution has been received.

Newton does not trade on its own account, and Newton does not handle any orders for BNY Mellon's own account. Therefore, client orders are not aggregated with those of Newton or BNY Mellon.

Typically, instructions for orders received by the Newton dealing team are generated by portfolio managers taking decisions to buy or sell securities for client investment portfolios. Portfolios are managed on a side-by-side basis, as multiple investment portfolios with similar investment objectives are managed concurrently; each has the opportunity to participate in investment ideas generated by the same investment process. As a result of this shared investment process, in many cases multiple instructions will be received by the Newton dealing team for the same security in the same direction, either simultaneously or within the same trading day.

Aggregating instructions for the same security in the same direction into one order provides the opportunity to benefit from average pricing; however the effect of aggregation may also work to a client's disadvantage on a particular order. The Newton dealing team seeks to minimise the potential for disadvantage to occur overall, whilst ensuring that instructions received are treated in a fair manner.

It may not always be possible to fully complete all orders by the close of the trading day in the relevant market, for example due to insufficient liquidity, and this may result in a partial execution. The Newton dealing team seeks to ensure that order proceeds and securities for both partial and full executions are allocated to order participants in a fair and equitable manner.

## **AGGREGATION OF ORDERS**

Newton uses a 'house order' process for equity, equity-like and fixed income instruments. Recognising that Newton has a team-based approach for the allocation of investment ideas, Newton operates an aggregation window of a set time period of 60 minutes from the publication of certain ideas. All instructions that are entered by portfolio managers for client accounts in this window will be aggregated into a single 'house order', such that all client accounts will receive the same price for the transaction(s). Any further orders received following completion of this aggregation window will follow the standard process with orders that have been partially completed, and allocated to those clients that were in the originally aggregated order, a new aggregated order will then be created, including residual balance, following the process outlined below.

To minimise the potential for any 'house order' participants to be disadvantaged by aggregation, instructions received for the same security in the same direction are only aggregated into a single 'house order' when certain criteria are met.

Where instructions for 'house orders' are aggregated, each order participant receives the average price obtained during the time in which they were part of the aggregated order. Aside from 'house orders' if an instruction is to be aggregated with an order that has already been initiated and has been partially executed, the proceeds or securities from the partial execution are first allocated to the original order participant(s) promptly prior to the aggregation of the subsequent instruction with the residual balance. This ensures that any subsequent orders cannot benefit from, or be disadvantaged by, any market movements that may have occurred since the original order was received. Each order participant receives the average price obtained during the time in which they were part of the aggregated order.



## PROGRAM TRADES

If the Newton dealing team receive a program trade that contains orders whereby orders in the same security in the same direction have already been received by the dealing team, the dealers will not aggregate these orders with the existing orders, and allow the order to remain in the program trade if and only if the following conditions are met:

- The program order is small enough to have no material price impact on the security price in and of itself;
- That the program trade is a *bona fide* construct to minimise portfolio dispersion i.e. is a representative slice of the portfolio and not an investment decision per se;
- That the reason for the program trade is different from the existing trade, for reasons including but not limited to: client inflow/outflow, client termination, etc.

Where the dealing team receive a program trade that contains orders in securities where the volume of each security to be traded represents a high percentage of the average daily volume (ADV), typically over 20%, the orders will typically be removed from the program trade and be treated as separate orders.

## ALLOCATION OF FULLY COMPLETED ORDERS

Once an order has been fully completed (fully executed in the market), the proceeds or securities are promptly allocated in full to all order participants (with the exception of a house order where this will only occur after the 'open period' window has closed on a completed order). Typically, this would occur within two hours of the order completion or 'open period' finishing, if during normal office hours or promptly the following morning if completed outside of normal office hours.

## ALLOCATION OF PARTIALLY COMPLETED ORDERS

Where it has not been possible to fully complete an order by the close of the trading day in the relevant market, the partial execution is allocated promptly to each order participant (a 'partial allocation'). Typically, this would occur within two hours of the close of the relevant market if during normal office hours, or promptly the following morning if completed outside of normal office hours. The residual balance of the order is held over for the next trading day.

Allocations are made on a pro-rata basis for equity, derivative, collective investments and currencies.

For fixed income, allocations are made on a pro-rata basis unless this would leave a participant with a position, which does not meet the minimum piece size; this is upheld for both buy and sell orders. Where this occurs, the balance forms a 'residual allocation balance' which is allocated to an order participant (selected on a random basis) who did meet the minimum piece size based on their pro-rata allocation.

In the event that a 'house order' is partially completed at the end of the trading day and a further instruction is received after the 'open period' window or market close, the partial execution is allocated to each 'house order' participant. The residual balance of the 'house order' is then merged with the new instruction and progressed as a non-house order the following day.

## TRADING IN INITIAL PUBLIC OFFERINGS

Newton has a written procedure in place for initial public offering (IPO) trading. IPO securities are allocated on a pro rata basis. Where an IPO is oversubscribed, the Firm does not over inflate its subscription.

## TRADE ERRORS

Newton's policy is to put the client in the position it would have been had the error not occurred. Newton applies zero threshold to errors and therefore captures all errors and near misses irrespective of the size of the potential gain or loss. In calculating any potential compensation all relevant factors will be considered. If the error results in a loss to the client, the client shall be compensated for such loss. In determining the amount of loss, the Newton may agree with the client an appropriate method of calculation considering circumstances surrounding the error. If the error gives rise to an absolute profit, the client shall retain the profit. If the error gives rise to both a profit and a loss, Newton may aggregate the profit and the loss and only compensate the client the net amount of any such profit or loss. If a trade is duplicated

in error, the client will receive the price related to the original (first) transaction. Any loss or gain from the erroneous duplicate transaction will be borne by the Firm.

## **ITEM 13. REVIEW OF ACCOUNTS**

Newton's portfolio managers and/or client relationship managers aim to review all client accounts with the client at least once a year or more frequently as agreed. Ad hoc reviews may also occur and could be triggered by a number of different factors, for example, a change of portfolio manager. These reviews are typically carried out via face-to-face meetings or conference calls and typically involve a detailed analysis of the portfolio.

Where appropriate, each client receives a report on the performance of their portfolio on a quarterly basis; this will include a portfolio valuation, accompanying cash and trading statements, a comparison of performance against the agreed benchmark and a market commentary.

Where clients have provided a specific instruction, we send out the Firm's monthly valuation reports within eight (8) working days of the month end. Quarterly reports are generally sent out within eighteen (18) working days after the end of the previous quarter.

## ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

### AFFILIATED MARKETERS

In 2006, we set up a separate U.S.-based sales and marketing subsidiary, Newton Investment Management (North America) LLC (NIMNA LLC). NIMNA LLC offers sales and marketing services to clients in North America on behalf of the Firm. Certain of the employees of NIMNA LLC are also registered representatives of MBSC. NIMNA LLC is not registered with the SEC and employees of NIMNA LLC do not receive any compensation or commissions in connection with referrals to the Firm or the sale of securities managed by the Firm.

**Affiliated Solicitors and Placement Agents.** We pay referral fees to our affiliates (and/or their employees) for referrals that result in additional investment management business. Certain registered representatives of MBSC offer sales and marketing services to clients in North America on behalf of the Firm. There is a financial arrangement in place between us and MBSC. Please see the discussion of affiliated placement agents in Item 10, above.

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

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

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

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

**Unaffiliated Solicitors and Placement Agents.** We 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 sales persons 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.

## 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 certain client funds or securities are held by qualified custodians owned and controlled by The Bank (a related person of Newton). We serve as general partner/ managing member/trustee (or similar capacity) of investment funds organized as limited partnership/limited liability company/trust and we actually maintain possession of client funds or securities.

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 an exception 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.
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.”
3. **Pooled Investment Vehicles:** advisers deemed to have custody of the assets of clients formed as pooled investment vehicles will not be subject to the Surprise Exam Requirement, **provided** the pool has audited financial statements that are prepared in accordance with generally accepted accounting principles and such statements are distributed to investors in the pool within 120 days (or 180 days for funds of funds) at the end of the fiscal year.

We have determined that our operations are independent from the Bank and those other qualified custodians holding client funds and securities belonging to the Firm’s clients. Furthermore, under the terms of the agreements between our clients and the qualified custodians, the Firm does not have any authority over the assets and funds within the account beyond discretionary trading authority.

Discretionary investment advisory clients contracted directly with NIMNA should regularly receive from your appointed bank, broker-dealer or other qualified custodian an account statement, identifying the amount 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 will 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**

For separate accounts, Newton typically receives discretionary investment authority over client assets, and clients must grant this discretionary authority to Newton in writing via a contract (otherwise known as an Investment Management Agreement) and/or through an appointment to become the investment adviser of a private fund. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objective(s), guidelines, permissions and restrictions for the particular client account, and as agreed between Newton and client. In most instances the investment guidelines and restrictions to be adhered to will be written and attached as Schedule(s) to the investment management agreement. For pooled investment vehicles, the Firm also has discretionary investment authority, and must adhere to and follow the investment objective(s) and set of investment policies and/or guidelines of the vehicle rather than tailoring to individual client needs. These vehicles are not able to impose individual investment restrictions on the Firm's investment strategies for underlying investors in these pooled investment vehicles.

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.

## ITEM 17. VOTING CLIENT SECURITIES

As part of the contractual relationship between us and our clients, typically through an investment management agreement, a client may delegate to us its right to exercise voting authority in connection with the securities we manage for that client. Voting rights are most commonly exercised by casting votes by proxy at shareholder meetings on matters that have been submitted to shareholders for approval. Consistent with applicable rules under the Advisers Act, we have adopted and implemented written proxy voting policies and procedures that are reasonably designed: (1) to vote proxies, consistent with our fiduciary obligations, in the best interests of clients; and (2) to prevent conflicts of interest from influencing proxy voting decisions made on behalf of clients. We provide these proxy voting services as part of our investment management service to client accounts and do not separately charge a fee for this service.

Clients that have granted us with voting authority are not permitted to direct us on how to vote in a particular solicitation. Clients that have not granted us voting authority over securities held in their accounts will receive their proxies in accordance with the arrangements they have made with their service providers. We generally do not provide proxy voting recommendations to clients who have not granted us voting authority over their securities.

For separate account clients that have afforded Newton voting discretion, it is Newton's intention to exercise voting rights in all markets. In certain markets, shares may be 'blocked' when exercising voting rights. In these markets, Newton will only exercise voting rights when it is in the best interests of our clients. The exercise of voting rights involves two or more of the following: head of investments, head of research, head of corporate governance, head of responsible investment and / or responsible investment analysts. In addition and where necessary, vote decisions will be in collaboration with the relevant global sector analysts and portfolio managers. Voting decisions are based on a balanced view of Newton's responsible investment policies and principles, investment rationale and engagement activities, the company's unique situation together with the company's adherence to relevant codes, guidelines and regulations,

### **Potential Conflicts of interest may arise such as:**

1. We manage assets for a company whose management is soliciting proxies
2. We have a direct or indirect material business relationship with a proponent of a proxy proposal
3. We have a business or personal relationship with participants in a proxy contest

Where a potential conflict of interest exists between Newton, the investee company and/or a client, the voting recommendation of a third party voting service provider will be instructed.

Newton does not lend stock, however, if a segregated client has decided to participate in a stock lending programme, we may be unable to monitor loaned securities or recall/restrict securities from being loaned. In such cases, we will be unable to exercise the voting rights attached to any loaned securities. This also applies to pooled investment vehicles for which Newton is the investment manager and which may participate in stock lending,

Where we plan to vote against management on an issue, we often engage with the company in order to provide an opportunity for our concerns to be allayed. In such situations, it would not be a surprise to the company should we vote against management. We only communicate our voting intentions ahead of the meeting directly to the company and not to third parties. We may also advise management of how we have voted after the meeting should we consider such engagement to be successful in avoiding a repeat situation and ultimately an improvement at the company.

Newton's approach to responsible investment, which extends to the exercise of voting rights, has been formulated and approved by Newton's Responsible and Ethical Investment Oversight Group. Newton's Responsible Investment Policies and Principles document can be found on our website. Also on the Firm's website are Responsible Investment quarterly reports that contain information relating to Newton's stewardship activities, which includes all voting action undertaken during the quarter.

For clients who are interested in a pooled fund arrangement, the Firm does not have the authority to exercise underlying voting rights and the exercise of proxy voting may differ depending on the pooled fund. Please contact us for more details.

## **LITIGATION (INCLUDING CLASS ACTIONS)**

Newton does not advise, initiate or take any other action on behalf of clients relating to securities held in the client's account managed by Newton in any legal proceeding (including, without limitation, class actions, class action settlements and bankruptcies). Newton does not file proofs of claims relating to securities held in the client's account and does not typically notify the client or the client's custodian of class action settlements or bankruptcies relating in any way to such account. Typically, custodians submit filings in connection with class action settlements and may also handle bankruptcy filings. Each client should consult with its custodian and other service providers to ensure such coverage.



## **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. Newton 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.



## **Curtis Custard**

Newton Investment Management (North America) Limited  
The Bank of New York Mellon Centre  
160 Queen Victoria Street  
London  
EC4V 4LA  
+44 (0) 20 7163 9000

## **Form ADV, Part 2B** (as of March 29<sup>th</sup>, 2019)

**Pursuant to SEC rules and regulations, we prepared for you this brochure supplement because Curtis Custard performs certain advisory services for you.**

**This brochure supplement provides information about Curtis Custard that supplements Newton Investment Management (North America) Limited's brochure. You should have received a copy of that brochure. Please contact Sam Oxley at + 44 20 7163 3327 if you did not receive Newton Investment Management (North America) Limited's brochure or if you have any questions about the contents of this supplement.**

**Item 2.**            **Educational Background and Business Experience**

Curtis Custard was born in 1969.

Curtis obtained a Bachelors of Arts (Economics) Cum Laude from the University of Michigan graduates in 1991. Curtis is also a CFA1 Charter holder.

Curtis joined Newton as Chief Investment Officer in August 2017 to lead the investment teams for the firm, including the portfolio managers, analysts, and the trading function. Curtis joined the Newton board as a director in September 2017. Prior to joining Newton, Curtis worked at UBS Asset Management from 2008 to 2016 as the Head of Global Investment Solutions where he oversaw an investment team of over 130 person in five locations. Prior to that, Curtis worked at Schroders Investment Management as the Head of Multi-Asset from 2004 to 2008 in a similar role.

<sup>1</sup> CFA® and Chartered Financial Analyst® are registered trademarks owned by CFA Institute.

The CFA charter is a globally accepted, graduatelevel investment credential established in 1962 and awarded by CFA Institute. To earn the charter, candidates must: 1) pass three sequential, six hour examinations; 2) have at least four years of qualified professional investment experience; 3) join the CFA Institute; and 4) commit to abide by, and annually reaffirm, adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct. The CFA Program curriculum covers a wide range of investment topics, including ethical and professional standards, fixed income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

**Item 3.**            **Disciplinary Information**

There are no items to disclose

**Item 4.**            **Other Business Activities**

There are no items to disclose

**Item 5.**            **Additional Compensation**

There are no items to disclose

**Item 6.**            **Supervision**

Supervisor: Hanneke Smits

Title: Chief Executive Officer

Telephone number: +44 (0) 20 7163 9000

As Chief Investment Officer (CIO) at Newton Curtis Custard has overall responsibility for the

supervision of the investment team of portfolio managers, research analysts and trading function. Curtis is overseen by Chief Executive Officer Hanneke Smits.

Newton has a Chief Risk Officer (CRO) who is independent from the investment team and has no investment management responsibilities and reports directly to the CEO. The CRO oversees the Investment Risk Group (IRG) which monitors various aspects of market, security specific and operational risk in portfolios. The IRG reports into the Investment Oversight Committee (IOC) which is a sub-committee of the Newton Board. The IOC is chaired by the CRO.

**Paul James Markham**

Newton Investment Management (North America) Limited  
The Bank of New York Mellon Centre  
160 Queen Victoria Street  
London  
EC4V 4LA  
+44 (0) 20 7163 2506

**Form ADV, Part 2B**  
**(as of March 29<sup>th</sup>, 2019)**

**Pursuant to SEC rules and regulations, we prepared for you this brochure supplement because Paul James Markham performs certain advisory services for you.**

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## **Item 2.**        **Educational Background and Business Experience**

Paul James Markham was born in 1973. He holds a BA (Hons) in French and Spanish from the University of Sheffield. Paul also holds the Investment Management Certificate (IMC)\* and CFA<sup>1</sup> level 1. For the last 20 years Paul has worked for Newton, the last 15 years of them as a global and regional equity portfolio manager. Prior to joining Newton in 1998, Paul worked in capital markets with Morgan Stanley.

\*The IMC is the investment profession's benchmark entry-level qualification and is used by most leading investment demonstrate competence firms to for regulatory purposes

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## **Item 4.**        **Other Business Activities**

There are no items to disclose

## **Item 5.**        **Additional Compensation**

There are no items to disclose

## **Item 6.**        **Supervision**

Supervisor: Curtis Custard  
Title: Chief Investment Officer  
Telephone number: +44 (0) 20 7163 9000

Newton's Chief Investment Officer, Curtis Custard, has overall responsibility for supervision of the portfolio managers.

Newton's portfolio managers are organized into teams by mandate rather than client type, ensuring that individuals manage portfolios with similar mandates. Although the lead managers for each

portfolio have clearly defined roles and responsibilities, they work with other investment professionals dedicated to the same asset class within a strong team environment. This ensures that in the absence of the lead manager, the designated alternate manager is fully conversant with the portfolio's mandate and is able to take all investment decisions.

All investment professionals at Newton work according to the guidelines specified by the house policy for the relevant asset class. This means that there is a great degree of commonality across portfolios -- something that is actively monitored by the investment risk team (IRT), our independent risk monitoring team, and the investment risk group (IRG), a committee of representatives from the IRT, the portfolio management team, research, performance and client services. This assures our clients that their portfolios always reflect the views of the house, and are not reliant solely on the ideas of a single manager.

The IRT is part of the investment risk oversight process for Newton's portfolios and produces information on portfolio construction and risk profiles and also comparative and independent analysis of portfolios. The IRT reports to James Helby, Newton's chief risk officer.

The IRG is responsible for analyzing the construction of client portfolios; it does so by measuring active risk and predictive tracking errors to ensure that only the appropriate level of risk versus benchmark is taken within portfolios and that commonality with the house and with comparable mandates is maintained. The IRG is responsible for identifying the most important risk-related issues and escalating them to the investment oversight committee (IOC), to which it reports and which consists of some board members and investment leaders. Any issues would also be communicated to portfolio managers as appropriate. Any deviations from the stated strategy or dissimilarities between similar clients are challenged, and reasons sought from the portfolio managers. This is a rigorous exercise and ensures consistency and control for each portfolio.

Risk monitoring by the IRT and the IRG is a "quality control" activity with the objective of protecting the interests of clients. The IRT and the IRG review and identify risks inherent in each portfolio regularly. This ensures that the portfolio managers take only the intended and appropriate risks in accordance with their clients'/mandate's objectives. The analysis also ensures that house views are adequately and appropriately expressed in portfolios.

It is the responsibility of each portfolio manager to be aware of the house rules governing investments. In addition, the portfolio manager is also aware of the individual investment restrictions as set out within the fund literature or the client's investment management agreement.

Charles River Investment Management System (CRIMS) is used for pre- and post-trade compliance checking. Pre-trade compliance is run against every investment order prior to trading. Post-trade compliance checking is run overnight. CRIMS enables compliance restrictions to be hard coded so that a potential breach of house, regulatory or client guidelines can be flagged before a transaction is even dealt.

All breaches, including those that occur as a result of market movements, are promptly followed up and appropriate action taken. A regular compliance monitoring review of mandate compliance is also undertaken.



**Robert Jeffrey Munroe**

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**Form ADV, Part 2B**  
(as of March 29<sup>th</sup>, 2019)

**Pursuant to SEC rules and regulations, we prepared for you this brochure supplement because Robert Jeffrey Munroe performs certain advisory services for you.**

**This brochure supplement provides information about Robert Jeffrey Munroe that supplements Newton Investment Management (North America) Limited's brochure. You should have received a copy of that brochure. Please contact Sam Oxley at +44 20 7163 3327 if you did not receive Newton Investment Management (North America) Limited's brochure or if you have any questions about the contents of this supplement.**

**Item 2.**            **Educational Background and Business Experience**

Robert Jeffrey Munroe was born in 1964. He has a BA from St Francis Xavier University, Canada. Prior to joining Newton in 1993, Jeff was a Senior Research Analyst at Towers Perrin and then completed his MBA at the Ivey School of Business, University of Western Ontario.

Robert Jeffrey Munroe is the investment leader in Newton's global.

Robert Jeffrey Munroe is a CFA<sup>1</sup> charterholder.

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Supervisor: Curtis Custard  
Title: Chief Investment Officer  
Telephone number: +44 (0) 20 7163 9000

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professionals dedicated to the same asset class within a strong team environment. This ensures that in the absence of the lead manager, the designated alternate manager is fully conversant with the portfolio's mandate and is able to take all investment decisions.

All investment professionals at Newton work according to the guidelines specified by the house policy for the relevant asset class. This means that there is a great degree of commonality across portfolios -- something that is actively monitored by the investment risk team (IRT), our independent risk monitoring team, and the investment risk group (IRG), a committee of representatives from the IRT, the portfolio management team, research, performance and client services. This assures our clients that their portfolios always reflect the views of the house, and are not reliant solely on the ideas of a single manager.

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## FACTS

WHAT DOES DREYFUS  
DO WITH YOUR PERSONAL INFORMATION?

<b>Why?</b>	<p>Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information.</p> <p>Please read this notice carefully to understand what we do.</p>
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<b>What?</b>	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> <li>■ Social Security number</li> <li>■ account balances and transaction history</li> <li>■ assets and income</li> <li>■ payment history</li> </ul> <p>When you are no longer our customer, we continue to share information as described in this notice.</p>
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<b>How?</b>	<p>All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Dreyfus chooses to share; and whether you can limit this sharing.</p>
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Reasons we can share your personal information	Does Dreyfus share?	Can you limit this sharing?
<b>For our everyday business purposes—</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes—</b> to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	No	We don't share
<b>For our affiliates' everyday business purposes—</b> information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes—</b> information about your creditworthiness	No	We don't share
<b>For our affiliates to market to you</b>	Yes	Yes
<b>For nonaffiliates to market to you</b>	No	We don't share

<b>To limit our sharing</b>	<p><b>Call 1-866-206-5660. Our menu will prompt you through the process.</b></p> <p>When you call, you will need to provide:</p> <ul style="list-style-type: none"> <li>■ The last 4 digits of your Social Security number</li> <li>■ Your zip code</li> <li>■ The first 5 letters of your last name (Provide all letters if your last name is less than 5 letters.)</li> </ul> <p><b>Please note: If you have previously called or submitted a written request instructing us not to share your personal information with our affiliates to market to you, your instructions continue to be on file. There is no need for you to notify us again.</b></p> <p>If you invest in any of the funds providing this notice through a nonaffiliated third party, such as a bank, broker-dealer or financial adviser, you will automatically be excluded from personal information sharing with affiliates to market to you. There is no need for you to notify us.</p> <p>If you are a <i>new</i> customer, we may begin sharing your information 30 days from the date we deliver this notice to you. When you are <i>no longer</i> our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.</p>
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<b>Questions?</b>	Call <b>1-800-847-3560</b>
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**Who we are**

Who is providing this notice?	This notice is provided by The Dreyfus Family of Mutual Funds, The General Family of Mutual Funds, Advantage Funds, Inc., Strategic Funds, Inc., Dreyfus Service Organization, Inc., BNY Mellon Funds Trust, The Bank of New York Mellon as Custodian for Dreyfus retirement plan accounts and MBSC Securities Corporation.
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**What we do**

How does Dreyfus protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does Dreyfus collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>■ open an account or deposit money</li> <li>■ give us your income information</li> <li>■ tell us about your investment or retirement portfolio</li> <li>■ direct us to buy securities</li> </ul> <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>■ sharing for affiliates' everyday business purposes—information about your creditworthiness</li> <li>■ affiliates from using your information to market to you</li> <li>■ sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.</p>
What happens when I limit sharing for an account I hold jointly with someone else?	Your choices will apply to everyone on your account.

**Definitions**

Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>■ Our affiliates include banks and companies whose names include "The Bank of New York," "BNY," "Mellon," or "Dreyfus," or "Insight," and other financial companies such as Alcentra NY, LLC, EACM Advisors LLC, Lockwood Advisors, Inc., MBSC Securities Corporation, Newton Investment Management (North America) Limited, Pershing LLC, and Walter Scott &amp; Partners Limited.</li> </ul> <p>Your opt-out will also apply to banks or other companies that may become our affiliates in the future.</p>
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>■ Dreyfus does not share information with nonaffiliates so they can market to you.</li> </ul>
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> <li>■ Dreyfus doesn't jointly market.</li> </ul>

**Other important information**

**FOR RESIDENTS OF VERMONT** If our account records show that you live in Vermont, we will not disclose nonpublic personal information about you to our affiliates for the purpose of enabling them to market their products and services to you. There is no need for you to call to opt out.