

## **Part 2A of Form ADV**

### **Firm Brochure**

#### **Item 1 –Cover Page**

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**Filing Date: March 31, 2011**

**Date Amended: August 31, 2011**

This brochure provides information about the qualifications and business practices of Fayez Sarofim & Co. If you have any questions about the contents of this brochure, please contact us at 713-654-4484 or [contact@sarofim.com](mailto:contact@sarofim.com). 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 Fayez Sarofim & Co. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Fayez Sarofim & Co. is registered with the SEC according to the Investment Advisers Act of 1940. Such registration does not imply a certain level of skill or training.

## **Item 2 –Material Changes**

**Filing Date: March 31, 2011**

**Date Amended: August 31, 2011**

This brochure for Fayezi Sarofim & Co., which is Part 2A of our Form ADV, was developed in response to new requirements of the Securities and Exchange Commission. In accordance with the new requirements, the format and style of this brochure are substantially different from the form that was prepared effective as of March 31, 2010, and furnished to our clients. However, the contents of this brochure reflect no material changes in the firm's policies, practices, or services since our last filing.

Part 2A of our Form ADV was amended as of August 31, 2011, to include information about our Global Equity Product, which became available as a separate account option in April 2011. Information about our Global Equity Product was added to Items 4, 5, 7 and 8. Throughout this revised document, the name of our Large Cap Core Growth Equity Product was changed to Large Capitalization Equity Product. This name change does not reflect a change of strategy. Item 11 was also amended to include a discussion of our policies and procedures that address employee trading during black-out periods and while having material, non-public information.

The brochure supplement, which is Part 2B of our Form ADV, reflects the management promotions at Fayezi Sarofim & Co. that were announced in September 2010. These changes were made to strengthen the firm's leadership and to plan for management succession over time. Christopher B. Sarofim took on the additional position of Vice Chairman of Fayezi Sarofim & Co. William Gentry Lee, Jr., who was serving as Chief Operating Officer, was elected to the position of President of Fayezi Sarofim & Co. Jeffrey M. Jacobe, who has been overseeing our research activities as Director of Investments, was elected to Senior Vice President while retaining the position of Director of Investments. Alan Christensen was elected to the position of Vice President and Chief Operating Officer. Finally, Daniel Crumrine, who was serving as Vice President, Financial Services, was elected to the position of Vice President, Chief Financial Officer.

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## **Item 4 –Advisory Business**

### **Our History and Organization**

Fayez Sarofim & Co. was founded in August 1958 by Fayez Sarofim, who continues to lead the firm as our Chairman, Chief Executive Officer, and Chief Investment Officer. Since our founding, we have focused on the business of investment counseling. The firm is located in one office in Houston, Texas, and has 116 full-time employees, including 22 investment professionals.

Fayez Sarofim & Co. is registered under the Investment Advisers Act of 1940 and regulated by the Securities and Exchange Commission. The firm's registration as an investment adviser is required by law and does not imply a certain level of skill or training.

Fayez Sarofim & Co. is a privately held corporation with no significant outside interests. The firm is 100 percent owned by current, active employees. Fayez Sarofim is the majority shareholder of the firm through his controlling stake in The Sarofim Group, Inc. The Sarofim Group is the ultimate corporate parent of a group of affiliated corporations that includes the firm and four other registered investment advisers as well as other business entities. The other registered investment advisers are:

- Sarofim International Management Company
- Sarofim Advisors Group, Inc. (currently inactive)
- Sarofim Trust Co.
- Sarofim Realty Advisors Co.

In our more than five decades of operations, Fayez Sarofim & Co. has served a broad range of clients through numerous business cycles. As of December 31, 2010, the firm's assets under management totaled \$18,437 million. The investment professionals employed by the firm also manage the client assets of the firm's registered investment affiliates. At year-end, the affiliates of Fayez Sarofim & Co. had assets under management of \$3,142 million. Thus, the total assets managed by the firm's investment professionals were \$21,579 million as of December 31, 2010.

The firm is not affiliated with a brokerage firm.

### **Our Advisory Services**

Fayez Sarofim & Co. provides investment supervisory services and other investment advisory services to a broad range of clients. Portfolio managers at the firm operate within the guidelines set by our Investment Committee. The Committee is comprised of nine senior investment professionals and chaired by Mr. Sarofim. The Investment Committee is responsible for the firm's portfolio structures and all investment decisions.

## **Large Capitalization Equity Product**

Fayez Sarofim & Co.'s primary investment product is our Large Capitalization Equity Product, which is available to both institutions and individuals. You can access this product directly by opening an account at Fayez Sarofim & Co. You can also access this product by opening a wrap fee account through a sponsoring financial services firm or by investing in certain of the mutual funds that we sub-advise for The Dreyfus Corporation, a subsidiary of Bank of New York Mellon Corp. The firm also has advisory and sub-advisory arrangements with banks and trust companies.

Our equity strategy is focused on domestically traded common stocks and American Depository Receipts with large market capitalizations and high daily trading volumes. Preferred stocks may also be included if permitted by client guidelines. We invest in the stocks of high quality, financially sound industry leaders that have an expanding global presence. We maintain a longer term investment perspective of at least three to five years, which generally results in low portfolio turnover and is typically tax efficient for taxable investors. Our strategy does not use derivatives, options, short-selling, leverage, or initial public offerings. We do not attempt to time the market.

## **Global Equity Product**

Institutions and individuals seeking greater international equity exposure may wish to invest in Fayez Sarofim & Co.'s Global Equity Product. While the investment approach is similar to that of our Large Capitalization Equity Product, the Global Equity Product has a larger concentration in foreign-based companies and may include shares that are not traded on domestic exchanges. You can access this product by opening a separate account with the firm or by investing in the Dreyfus Worldwide Growth Fund, which we sub-advise.

Global Equity Product portfolios primarily have their assets in common stock, ordinary shares, or American Depository Receipts. We focus on high quality multinational companies with large market capitalizations. Generally, at least 25 percent of assets are invested in companies organized in the United States and at least 25 percent of assets are invested in companies organized in other countries. We maintain a longer term investment perspective of at least three to five years, which generally results in low portfolio turnover and is typically tax efficient for taxable investors.

## **Core Fixed Income Product**

Fayez Sarofim & Co. also offers a Core Fixed Income Product, which is available directly to both institutions and individuals when they open an account with the firm. Our fixed income strategy emphasizes risk-averse management, current income and low cash reserves. Portfolio holdings may include United States Treasury securities, United States government agency securities, high quality corporate and municipal bonds, high quality commercial paper, and shares of money market funds. We select specific sectors and securities that we believe offer the best combination of quality, liquidity, income generation, and relative value consistent with our risk parameters. Foreign government and foreign corporate bonds are generally not part of our strategy.

## **Municipal Bond Portfolios**

The firm also manages tax-free income portfolios, consisting of high quality municipal bonds rated AA or higher. Portfolios are customized relative to the client's state of residence.

## **Balanced Portfolios**

Fayez Sarofim & Co. will also construct balanced portfolios for our institutional and individual clients. These balanced portfolios combine the firm's equity and fixed income strategies in proportions tailored to client requirements.

## **Meeting Individual Client Needs**

The firm manages its separate portfolios for institutions and individuals on an account by account basis, taking into consideration a client's financial resources, investment objectives, and needs. The firm addresses individual requirements for such items as current income, cash flow, and taxes. The firm will also vote the proxies related to securities held in a client's account if requested to do so by the client. Proxies are voted in accordance with the firm's Proxy Voting Policy and established procedures. Please refer to Item 17—Voting Client Securities on page 33.

Fayez Sarofim & Co. prefers not to be constrained by client instructions that prohibit holding certain securities. We believe that the ability to select from the widest range of investments that are consistent with our strategy results in higher returns over time. However, the firm does manage a number of accounts subject to instructions that specify various exclusions or that limit weightings in individual sectors, industries, or securities. We will accept new accounts subject to these types of instructions as long as we do not view the proposed directives as overly restrictive or too difficult or impossible to implement and monitor.

## **Discretionary and Non-Discretionary Accounts**

Fayez Sarofim & Co. will manage clients' assets on either a fully discretionary basis or a non-discretionary basis. Most of our clients have granted us full discretionary authority to manage the investment of assets in their accounts. With full discretionary authority for an account, we are able to do the following without obtaining the client's consent:

- Determine which securities to buy or sell
- Determine the total amount of securities to buy or sell, subject to available funds
- Determine the broker or dealer through which to buy or sell securities
- Negotiate with the selected broker regarding commission rates for securities transactions

Item 12 on page 24 of this brochure provides more information on the firm's brokerage practices, and Item 16 on page 32 discusses investment discretion.

When we provide services on a non-discretionary basis, we give the client investment advice, but we do not have the authority to implement our recommendations in the client's portfolio without the client's approval. In certain non-discretionary arrangements, the client's portfolio is not managed by Fayez Sarofim & Co., and the firm provides advice only.

As of December 31, 2010, the firm and our affiliates managed \$19,150 million in client assets on a discretionary basis and \$2,429 million on a non-discretionary basis.

### **Wrap Fee Programs**

The firm also provides advisory services for equity portfolios under various agreements related to wrap programs. Wrap programs are sponsored by third-party financial services firms, in most cases brokerage firms. Program sponsors make the advisory services of a registered investment adviser such as Faye Sarofim & Co. available to their clients. Faye Sarofim & Co. manages portfolios of wrap program clients with a strategy that is similar to its Large Capitalization Equity Product.

Faye Sarofim & Co. has been introduced to wrap program sponsors primarily through the efforts of MBSC Securities Corporation (MBSC), formerly named Dreyfus Service Corporation. In our wrap fee programs, MBSC acts as the account administrator and serves as the liaison between Faye Sarofim & Co. and the sponsors and the sponsors' clients. Each wrap program sponsor establishes the fees to be paid by program clients, including the fee to be paid to Faye Sarofim & Co. for our advisory services. MBSC also receives a fee for its account administration services. Currently, the firm participates directly or indirectly in wrap programs sponsored by:

- Charles Schwab & Co. Inc.
- Envestnet Asset Management, Inc.
- Lockwood Advisors, Inc.
- LPL Financial Corporation
- Morgan Stanley, Inc.
- Morgan Stanley Smith Barney LLC/Citigroup Global Markets Inc.
- Prudential Investments LLC
- Stifel, Nicolaus & Company, Incorporated
- UBS Financial Services, Inc.
- Wells Fargo Bank, National Association
- Wells Fargo Investments, LLC

### **UMA Programs**

Faye Sarofim & Co. also participates in various model-based programs, which are often referred to as unified managed account (UMA) programs. Under its UMA agreements, the firm provides the sponsoring broker our model portfolio and position weightings. The firm continuously updates the model portfolio with specific instructions to buy or sell certain securities. The model portfolio furnished by the firm under these agreements is substantially similar to the portfolios of institutional and individual clients who are invested in the firm's Large Capitalization Equity Product.

UMA programs may be either active or passive. When the firm participates in an active program, an overlay portfolio manager at the sponsor is responsible for model level and individual account level trades and has the discretion to deviate from the model portfolio and

instructions provided by Fayezi Sarofim & Co. In passive programs, the sponsor executes trades strictly in accordance with Fayezi Sarofim & Co.'s model portfolio and instructions. Deviations are not permitted in passive programs except to accommodate specific client restrictions.

The firm's UMA agreements differ by program sponsor, but the role played by MBSC Securities Corporation (MBSC) in the UMA programs in which the firm participates is similar to its role in the wrap programs. MBSC is the primary administrative contact with plan sponsors and acts as account administrator. The plan sponsor establishes the fees to be paid by program clients to Fayezi Sarofim & Co. and MBSC. Currently, the firm participates in UMA programs sponsored by:

- Merrill, Lynch, Pierce, Fenner & Smith Incorporated
- Morgan Stanley Smith Barney Consulting Group
- LPL Financial Corporation
- PNC Financial Services Group, Inc.

### **Sub-Advised Mutual Funds**

Fayezi Sarofim & Co. is the sub-adviser for five mutual funds established by The Dreyfus Corporation. The Dreyfus Corporation serves as the investment adviser for the funds. These mutual funds are:

- Dreyfus Appreciation Fund, Inc.
- Dreyfus Worldwide Growth Fund,  
A series of Dreyfus Premier Worldwide Growth Fund, Inc.
- Dreyfus Tax Managed Growth Fund,  
A series of The Dreyfus/Laurel Funds, Inc.
- Dreyfus Core Equity Fund,  
A series of The Dreyfus/Laurel Funds, Inc.
- Dreyfus Variable Investment Fund Appreciation Portfolio,  
A separate diversified portfolio of Dreyfus Variable Investment Fund

Our role as sub-adviser is subject to the approval of The Dreyfus Corporation and the boards of directors of the mutual funds. Currently, we provide investment advisory assistance and day-to-day management of the funds, including placing orders to execute trades. We also provide investment research and statistical information. For our services as a sub-adviser, Fayezi Sarofim & Co. is paid monthly fees by either the mutual fund or The Dreyfus Corporation, according to the contract for each fund.

### **Other Services**

In a few instances, Fayezi Sarofim & Co. has agreed to provide advisory services to clients who wish to invest in a portfolio of securities issued by the United States government or its agencies through margin transactions. The firm is not seeking new accounts of this type.

## **Item 5 –Fees and Compensation**

### **Advisory Service Fees**

If you open an account at Fayne Sarofim & Co., the fee you will pay for our advisory services is calculated according to one or more of the schedules presented below. Fees are billed quarterly, after the end of each quarter, and are based on the market value of the assets at the end of the last day of the quarter on which the New York Stock Exchange is open.

#### **Equity Fees: Large Capitalization Equity Product and the Equity Portfolios of Balanced Accounts**

The fees for equity securities are calculated as follows:

Market Value of Equities	Rate
First \$2,000,000 is billed at	0.75% (or 75 basis points) per year (i.e., 0.1875% per quarter)
Next \$18,000,000 is billed at	0.50% (or 50 basis points) per year (i.e., 0.1250% per quarter)
Next \$20,000,000 is billed at	0.40% (or 40 basis points) per year (i.e., 0.1000% per quarter)
Next \$20,000,000 is billed at	0.35% (or 35 basis points) per year (i.e., 0.0875% per quarter)
Over \$60,000,000 is billed at	0.20% (or 20 basis points) per year (i.e., 0.0500% per quarter)

#### **Equity Fees: Global Equity Product**

The fees for equity securities in the Global Equity Product are calculated as follows:

Market Value of Equities	Rate
First \$50,000,000 is billed at	0.75% (or 75 basis points) per year (i.e., 0.1875% per quarter)
Over \$50,000,000 is billed at	0.50% (or 50 basis points) per year (i.e., 0.1250% per quarter)

#### **Fixed Income Fees**

The fee for fixed income securities is 0.20%, or 20 basis points, per year or 0.05%, or 5 basis points, per quarter.

## **Uncommitted Cash Fees**

Uncommitted cash positions in our portfolios are billed at an annual rate of 0.20%, or 20 basis points. Cash assets may be held temporarily in money market funds or other short-term interest-bearing arrangements. If this is the case, such assets may also be subject to fees payable to the manager of these funds in addition to the fees charged by Faye Sarofim & Co.

## **Our Billing Practices**

For the purpose of computing fees, we may treat managed assets in related accounts as if all the assets were in one account. After the fee is computed in this way, it is divided among the accounts involved, usually in proportion to the market value of each account. This grouping of related accounts must be approved in advance by the firm, and approval is not assured.

We do not regard our fees as negotiable because we believe our fees are in the low end of the range of fees in the industry for comparable services. However, in a few instances, the firm has granted exceptions to the application of our regular fee schedules when we believe there are highly unusual factors involved that justify exceptional treatment. The firm attempts to insure that other clients having similar unusual factors are treated in a similar manner for fee purposes, but this cannot be assured. From time to time, the firm will seek to determine if such unusual factors continue to justify deviations from our regular fee schedule.

As mentioned earlier, the firm's fees are billed quarterly, in arrears. Our clients may direct their custodians to deduct Faye Sarofim & Co.'s fees from the assets in their account. Alternatively, clients may choose not to have the fees deducted from their accounts and may arrange to pay the fees by check or wire transfer. The firm does not accept advance fee payments.

## **Third Party Fees You May Incur**

Faye Sarofim & Co. does not provide custodial services, and we are not affiliated with a brokerage firm. The firm's brokerage practices are discussed in Item 12 on page 24 of this brochure. The advisory service fee you pay to us does not include other fees or charges you may incur in connection with your account at Faye Sarofim & Co. The following is a list of the types of fees and charges that might be payable to third parties in connection with your account. This list is not meant to be exhaustive. There may be additional fees that are not included here.

### **Examples of Fees Paid to Third Parties**

- Custodial fees
- Broker commissions
- SEC fees
- Wire transfer or other transaction fees
- Exchange fees
- Odd lot differentials
- Fees charged by mutual funds, including money market funds

## **Wrap Programs**

If you are a client of one of the wrap programs or UMA programs that Fayezi Sarofim & Co. participates in, you do not pay any fees directly to our firm. A portion of the fee you pay to the plan sponsor compensates Fayezi Sarofim & Co. for our advisory services. Please consult with your plan sponsor regarding the fees you will pay, what is included in these fees, and what additional expenses you may incur.

## **Mutual Funds**

If you invest in one of the mutual funds that Fayezi Sarofim & Co. sub-advises for The Dreyfus Corporation, you do not pay any fees directly to our firm. For our sub-advisory services, Fayezi Sarofim & Co. is paid monthly fees by either the mutual fund or The Dreyfus Corporation, according to the contract for each fund. Information about these mutual funds, including fees, can be obtained from The Dreyfus Corporation, [www.dreyfus.com](http://www.dreyfus.com) or 1-800-645-6561.

Fayezi Sarofim & Co. is not affiliated with a brokerage firm. Neither the firm nor any of our employees receives compensation for the sale of securities, mutual funds or other investment products.

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

Fayez Sarofim & Co. does not have fee structures that include performance-based fee arrangements.

Generally speaking, side-by-side management is a reference to the simultaneous management of mutual funds and hedge funds. Fayez Sarofim & Co. has not formed a hedge fund and is not a manager to hedge funds.

## **Item 7 –Types of Clients**

Fayez Sarofim & Co. serves as an investment adviser for a broad range of clients, including:

- Private employer pension and profit-sharing plans
- State and local government retirement systems
- Taft-Hartley union plans
- Employee savings and thrift plans
- Keogh plans
- Individuals—retirement accounts
- Individuals—taxable accounts
- Endowment and foundation funds
- Banks
- Trusts and estates
- Registered investment companies, i.e., mutual funds
- Insurance companies
- Corporations and small businesses

We continue to seek new clients with these types of accounts. Generally, the minimum dollar amount for new, separately managed accounts is \$5 million. However, the minimum dollar amount for new, separately managed accounts in our Global Equity Product is \$10 million. The firm may waive size requirements if related accounts are currently under management.

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

### **Large Capitalization Equity Product**

Fayez Sarofim & Co.’s primary investment product is our Large Capitalization Equity Product. This product seeks to generate total return through long-term capital appreciation and a growing stream of dividend income. Over periods of three to five years or longer, we strive to achieve a total return greater than the S&P 500 with less volatility than this index.

Our equity investment strategy is focused on domestically traded common stocks and American Depository Receipts with large market capitalizations and high daily trading volumes. Preferred stocks may also be included if permitted by client guidelines. Under most circumstances, our portfolios are fully invested with low cash balances. Our longer term investment perspective generally results in low portfolio turnover and is typically tax-efficient for taxable investors. Our strategy does not use derivatives, options, short-selling, leverage, or initial public offerings. We do not attempt to time the market.

Central to our strategy is the belief that earnings growth is the most important driver of long-term stock price appreciation. In our experience, companies with dominant franchises in structurally attractive industries are most likely to generate durable growth. Generally, we invest in the stocks of high quality industry leaders that have a market capitalization of \$5 billion or higher. These established companies have demonstrated sustained patterns of earnings and dividend increases. They have an expanding global presence and sustainable competitive advantages. Their balance sheets are strong, and their management teams have a record of successfully redeploying capital.

To shape our portfolios, Fayez Sarofim & Co. utilizes a combined “top-down” and “bottom-up” investment process managed by the Investment Committee. The Committee develops the firm’s global economic forecast and market outlook and evaluates the attractiveness of the various economic and industry sectors. The most attractive segments are identified along with those areas that should be underweighted or avoided. Given this backdrop, the firm’s research analysts assess the prospects of individual companies and present recommendations to the Committee. The Investment Committee is responsible for the firm’s portfolio structure and all investment decisions.

Our internal research function is crucial to this investment process. We perform independent, fundamental analysis on all of our investments and potential investments. Our research analysts visit companies, interview company managers, attend trade conferences, review corporate reports, filings and press releases, and stay abreast of financial and market news. We subscribe to numerous software and on-line products and selectively utilize numerous outside sources of information, such as government agencies, consultants, and Wall Street sources. The most important output of our internal research effort is proprietary projections of a company’s earnings, cash flow and dividends over a multiple-year period. These projections drive our valuation analysis.

We seek to control investment risk through disciplined adherence to our investment decision-making process. We continuously monitor the underlying operating and earnings trends of the companies represented in the portfolio and remain alert to changes in demand, competition, or technology that may influence these trends. Diversification also plays a role in our approach to controlling risk, and we monitor portfolios by industry exposure and individual stock concentration. We confine our equity holdings to securities with large market capitalizations and high daily trading volumes to help limit liquidity risk.

Although we strive to mitigate risks that may accompany an investment in our Large Capitalization Equity Product, clients who invest in this product can lose money, including losing a portion of their original investment. The prices of the securities in our portfolios fluctuate, sometimes dramatically. We cannot guarantee any particular level of performance. Below is a list of the types of risks you should consider before investing in our product.

- *Market risk.* Stock prices may decline due to changes in general market conditions that are not specifically related to a particular company, such as changes in the economic outlook, inflation expectations, interest rates, currency rates, or investor sentiment. A company's stock price may also decline because of factors that affect a certain industry such as changes in raw material costs or proposed regulations.
- *Company-specific risk.* A company's stock price may decline for numerous reasons that relate directly to the company, such as a loss of competitive advantage, impairment of capital or earnings power, legal difficulties, or management changes.
- *Risks associated with foreign companies.* Special risks associated with investments in foreign companies may include greater exposure to fluctuations in currency exchange rates, less comprehensive company information, different financial reporting and legal standards, and political instability.
- *Allocation risk.* Certain companies, industries or market sectors may be significantly overweighted or underweighted in Fayez Sarofim & Co.'s portfolios relative to the broader market indices. Consequently, the performance of our portfolios may be more or less sensitive than the overall market to factors affecting those companies, industries or sectors.
- *Style risk.* Our investment strategy focuses on high quality stocks with large market capitalizations. As a result, our portfolios may underperform the broader market during intervals when such securities are out of favor with investors.

## Global Equity Product

The objective of Fayez Sarofim & Co.'s Global Equity Product is to achieve long-term capital appreciation consistent with preservation of capital. Generating current income is a secondary goal. Over periods of three to five years or longer, we strive to achieve a total return greater than the MSCI World Index on a risk-adjusted basis.

Our Global Equity investment strategy primarily utilizes common stock, ordinary shares, and American Depository Receipts of high quality companies based either in the United States or in

other countries. Companies represented in the portfolio typically have market capitalizations of at least \$5 billion. In selecting securities to be included in our Global Equity portfolios, we first identify the economic sectors and industries that we believe will expand on a worldwide basis over the next three to five years or longer. Using fundamental analysis, we then seek to identify companies in these business segments that have demonstrated superior profitability, financial flexibility, and capital stewardship and are positioned to maintain above-average earnings growth longer term. We are also alert to companies that we consider undervalued in terms of earnings, assets, or growth prospects. Most of the companies included in our portfolios are industry-leading multinationals with an expanding global presence.

Fayez Sarofim & Co. generally employs a buy and hold investment strategy that results in low portfolio turnover. We will liquidate a holding when we believe there has been a significant adverse change in a company's business fundamentals that may lead to a sustained impairment of earnings power. In addition, we may reduce or eliminate a holding to provide funds to invest in another security that we believe will generate a superior return.

Fayez Sarofim & Co. strives to control investment risk through disciplined adherence to our investment decision-making process, through continuous monitoring of the business fundamentals of the companies represented in the portfolio, and through diversification of investments by geography, industry, and individual stock concentration. Furthermore, we seek to limit liquidity risk by focusing on equity holdings with large market capitalizations and high daily trading volumes.

Although we strive to mitigate risks that may accompany an investment in our Global Equity Product, clients who invest in this product can lose money, including losing a portion of their original investment. The prices of the securities in our portfolios fluctuate, sometimes dramatically. We cannot guarantee any particular level of performance. The types of risks you should consider before investing in this product are similar to those for our Large Capitalization Equity Product, which are enumerated on the preceding page. You should pay particular attention to the discussion of risks associated with foreign companies.

## **Core Fixed Income Product**

Fayez Sarofim & Co.'s Core Fixed Income Product emphasizes risk-averse management, current income and low cash reserves. Portfolio holdings may include United States Treasury securities, United States government agency securities, mortgage pass-through securities of government-sponsored enterprises (GSE) such as Ginnie Mae, investment grade corporate bonds, municipal bonds, high quality commercial paper, and shares of money market funds. Foreign government and foreign corporate bonds and sub-prime mortgages are not part of our strategy.

In our fixed income portfolios, we emphasize certain sectors and select specific securities that we believe offer the best combination of quality, liquidity, income, and value consistent with our overall duration target. The duration of a fixed income portfolio is a measure of risk that indicates the sensitivity of the portfolio's market value to changes in interest rates. We will make modest shifts in our duration target to reflect changes in the Investment Committee's projections for interest rates and inflation.

The Investment Committee determines the firm's overall outlook for the economy, interest rates, and inflation. Given this backdrop, the investment professionals serving on the firm's Fixed Income Investment Committee establish the specific parameters for fixed income portfolios. The Fixed Income Investment Committee meets quarterly to set duration targets and sector emphasis and to review and approve the list of corporate bond issuers that may be utilized. The firm's research analysts conduct fundamental credit analysis. Our approach considers not only the current creditworthiness of an issuer but also the ability of the issuer to grow and finance its future business plans. Our research analysts monitor the credit quality of existing holdings and recommend high quality corporate issuers to the Fixed Income Investment Committee for possible inclusion on the list of approved issuers.

Within the framework set by the Fixed Income Investment Committee, fixed income portfolio managers structure portfolios to meet client requirements. Before transactions are executed, the portfolio managers utilize the CMS/Bond Edge portfolio management system to simulate the transaction and its effect on the portfolio. This process includes an analysis of the effect on the portfolio's duration, current yield, average maturity and other characteristics. The simulated portfolio can also be stress-tested under various interest rate assumptions.

While we emphasize risk-averse management and capital preservation in our Core Fixed Income Product, clients who invest in this product can lose money, including losing a portion of their original investment. The prices of the securities in our portfolios fluctuate. We cannot guarantee any particular level of performance. Below is a representative list of the types of risks you should consider before investing in this product.

- *Interest rate risk.* Prices of bonds tend to move in the opposite direction to interest rate changes. Typically, a rise in interest rates will negatively affect bond prices. The longer the duration and average maturity of a portfolio, the greater the likely reaction to interest rate moves.
- *Credit (or default) risk.* A bond's price will generally fall if the issuer fails to make a scheduled interest or principal payment, if the credit rating of the security is downgraded, or if the perceived creditworthiness of the issuer deteriorates.
- *Liquidity risk.* Sectors of the bond market can experience a sudden downturn in trading activity. When there is little or no trading activity in a security, it can be difficult to sell the security at or near its perceived value. In such a market, bond prices may fall.
- *Call risk.* Some bonds give the issuer the option to call or redeem the bond before the maturity date. If an issuer calls a bond when interest rates are declining, the proceeds may have to be reinvested at a lower yield. During periods of market illiquidity or rising rates, prices of callable securities may be subject to increased volatility.
- *Prepayment risk.* When interest rates fall, the principal of mortgage-backed securities may be prepaid. These prepayments can reduce the portfolio's yield because proceeds may have to be reinvested at a lower yield.
- *Extension risk.* When interest rates rise or there is a lack of refinancing opportunities, prepayments of mortgage-backed securities or callable bonds may be less than expected.

This would lengthen the portfolio's duration and average maturity and increase its sensitivity to rising rates and its potential for price declines.

## **Municipal Bond Portfolios**

The firm also manages tax-free income portfolios, consisting of high quality municipal bonds with laddered maturities of 7-14 years. The municipal bonds included in the portfolios have a quality rating of AA or higher. School district and general obligation bonds are preferred while securities of municipalities in coastal areas or with low income demographics are generally avoided. Turnover is low to avoid unnecessary transaction costs and to maintain predictable income streams. Portfolios are customized relative to the client's state of residence.

The risks accompanying an investment in our municipal bond portfolios are similar to those for our Core Fixed Income Product, excluding prepayment risks, which do not apply.

## **Item 9 –Disciplinary Information**

In this section, advisory firms are asked to disclose all material facts concerning legal or disciplinary events that are material to a client's or a prospective client's evaluation of their advisory business or the integrity of their management.

Fayez Sarofim & Co. and our management personnel are not involved in any legal or disciplinary events that are material to a client's or a prospective client's evaluation of our advisory business or the integrity of our management.

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

One of the purposes of this item is to identify relationships or arrangements that may present material conflicts of interest and the procedures that the firm has in place to resolve such conflicts. Neither the firm nor any of its “management persons” has any relationship or arrangement with any “related person” that is material to the firm’s advisory business or to the firm’s clients and that may result in a material conflict of interest.

For purposes of this response, the firm's investment and administrative professionals are considered “management persons” since they are considered to have a controlling influence over the firm’s management or policies or the general investment advice given to the firm’s clients. A “related person” for purposes of this response includes all employees of the firm and its affiliates other than those performing only clerical, administrative support or similar functions.

The firm seeks to avoid all conflicts of interest and has adopted policies and procedures to be followed in determining and eliminating conflicts of interest. For example, please see the discussion in the response to Item 11 Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading on page 21.

## **Item 11 –Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading**

As required by SEC rules and in line with what we believe are good business practices, FAYEZ SAROFIM & CO. has adopted a Code of Ethics and a Code of Business Conduct for employees and a Code of Ethics for some third-party providers. These codes are designed to reinforce a culture of compliance within the firm and to ensure that we fulfill our fiduciary duty to our clients and prospective clients. To help our employees understand, appreciate and uphold their fiduciary responsibilities, their code of ethics sets standards of expected conduct and outlines prohibited conduct. The code requires that each employee must:

- Place the interest of clients first above all other interests
- Conduct all personal securities transactions in a manner consistent with this code, avoid any actual or potential conflicts of interest, and not abuse his or her position of trust and responsibility
- Recognize that he or she should not take inappropriate advantage of his or her position as an employee
- Treat as confidential the identity of clients and their financial circumstances and security holdings
- Understand that independence and impartiality in the investment decision-making process are critical

Employees are required to read the code, acknowledge in writing that they have received and understood it, and retain a copy. Annual compliance training sessions, which are mandatory for all employees, review key precepts of the code. To help us enforce the code, we regulate and monitor employee trading activity and require certain disclosures from employees.

Within ten days of starting employment with the firm, an individual must submit an initial holdings report to the firm's Chief Compliance Officer, detailing security holdings and the accounts in which they are held. An updated holdings report must be submitted semiannually by all employees. Employees must also have duplicate trade confirmations and monthly or quarterly statements sent to the firm by their broker. In addition, certain key employees are required to complete quarterly transactions reports. The firm's Chief Compliance Officer or her designee reviews these reports periodically for accuracy and unusual trading activity.

No employee may engage in any personal securities transactions without obtaining prior written approval from the Chief Compliance Officer. The firm maintains a restricted list that includes securities that are being traded in client accounts and securities that are being considered for purchase in client accounts. Employee trades in securities on the restricted list will not be approved. Furthermore, employees are prohibited from engaging in securities transactions or recommending transactions for client accounts that place, or appear to place, their own interests above the interests of our clients or the firm. Employees recommending a security transaction for a client account must first disclose their interest or potential interest in the security and indicate if they:

- Have a direct or indirect beneficial ownership in the security or other securities of the issuer or its affiliates
- Are contemplating a transaction in the security, or
- Have any present or proposed business relationship with the issuer of the security or its affiliates

As an investment advisor, we follow our own advice and invest in our strategy. A significant portion of the firm's and our investment professionals' net worth is invested in equity portfolios that are constructed and managed like those of most of our clients. Consequently, from time to time, the firm may effect transactions on behalf of clients in discretionary accounts or recommend transactions to clients with non-discretionary accounts that involve securities held in the firm's account or in the accounts of employees. When this is the case, trading in the particular security must be conducted in accordance with the principles and procedures outlined in the code of ethics.

Fayez Sarofim & Co. and our registered investment adviser affiliates have adopted and follow policies and procedures that prohibit trading while having material information that is not available to the public and during "blackout periods." An individual employed by or associated with Fayez Sarofim & Co. may be an officer or director of a publicly traded company or a party to contractual arrangements with a publicly traded company. If so, such an individual may be prohibited by the policies of the public company from trading in the securities of that company during blackout periods imposed or recommended by the company. It is also the policy of Fayez Sarofim & Co. and our registered advisor affiliates that these individuals may not trade in securities of the public company during a blackout period. These policies also require that all directors, officers and other employees of Fayez Sarofim & Co. and our affiliates are subject to the same restrictions.

Although trading in securities of the designated public company during a blackout period is prohibited in the personal accounts of employees and in the firm's account, Fayez Sarofim & Co. and our affiliates may trade in securities of the public company on behalf of our discretionary investment advisory clients provided:

- The individual who is the officer, director, or affiliate of the public company does not exercise any investment discretion over the trading of these securities for client accounts during the blackout period; and
- This individual has not, does not and will not disclose material information that is not available to the public.

In addition, our policies and procedures require us to make certain disclosures if any of our employees have these types of relationships with a public company.

Other topics discussed in the employee code of ethics and the code of business conduct include:

- Prohibition against insider trading
- Restricting access to material non-public information
- Approval for outside business affiliations
- Contributions to charities and government entities

- Communications with clients
- Expense reports
- Entertainment, gifts and gratuities

Clients or prospective clients may receive a copy of the firm's codes of ethics or the code of business conduct by sending a written request to:

Mrs. Raye G. White  
Executive Vice President  
and Chief Compliance Officer  
Fayez Sarofim & Co.  
Two Houston Center  
Suite 2907  
Houston, Texas 77010  
[rgwhite@sarofim.com](mailto:rgwhite@sarofim.com)

## **Item 12 –Brokerage Practices**

Fayez Sarofim & Co. is not affiliated with a brokerage firm. The firm's brokerage practices related to transactions in clients' accounts may differ among clients depending on the degree of discretionary authority the client has given us. We prefer to have full discretionary authority to manage the investment of a client's assets. Full discretionary authority includes brokerage discretion, which gives the firm the ability to select the broker to execute transactions in a client's account and to negotiate the commission rate. In some instances, the firm's brokerage discretion is limited by directions from the client or by third-party agreements the client has entered into.

The firm also has non-discretionary arrangements with clients. In certain non-discretionary arrangements, once the client has approved a particular transaction, the firm is authorized to place the order and select the broker to execute it. In other non-discretionary arrangements, the client places the order and selects the broker to execute the transaction. Please see also Item 16 Investment Discretion on page 32.

Fayez Sarofim & Co.'s general policy when placing orders for the purchase or sale of securities in a client's account is to seek to secure the best net execution, including both execution prices and commission rates. In selecting brokers or dealers to execute transactions, we consider such factors as:

- the price of the security
- the commission rate
- the size and difficulty of the order
- the reliability, integrity, financial condition and general execution and operational capabilities of competing brokers and dealers
- the research services that competing brokers provide

Orders are placed with brokers that we believe are responsible and will give effective execution of orders under conditions favorable to our clients. On an overall basis, we believe we obtain favorable executions and competitive commission rates for client transactions. However, it is possible that a more favorable execution or a lower commission rate may have been obtained if the order had been placed with another broker.

In selecting brokers, we may give preference to brokers that provide research and other services to us so long as we believe that the objective of best net execution is not being sacrificed. A discussion of what is meant by research and other services and our policy governing procedures for giving preference to the brokers who provide them is included on the next page in the section Research and Other Soft Dollar Benefits.

The firm will not choose a broker to execute a transaction solely on the basis that the broker has referred clients or prospective clients to us. Please refer to the discussion on Brokerage for Client Referrals on page 26.

When orders from our portfolio managers are received concurrently for more than one client account, the firm may seek to aggregate or batch the orders in an effort to obtain reduced

commission rates or more favorable execution. A broker may be selected to execute an aggregated order because of the broker's ability to handle such executions, provided that the primary consideration of best net execution is met. Generally, when trades are aggregated, each client account within the block will receive the same price and commission.

From time to time, the firm will evaluate the performance of the brokers that have been selected to execute orders for our clients' accounts. If we believe a broker's performance has been unsatisfactory, we will cease doing business with this broker entirely or until improvement has been demonstrated.

The firm's executive officers are available to discuss brokerage allocation with clients or prospective clients upon request.

### **Research and Other Soft Dollar Benefits**

Brokers and dealers may provide research or other services in addition to the services required to execute an order. When a portion of the commission paid to a broker for the execution of an order is considered to be a payment for these additional services, this portion of the commission is often referred to as "soft dollars." The additional research and other services received are sometimes referred to as "soft dollar benefits."

With the soft dollar benefits Faye Sarofim & Co. receives from brokers, we can supplement our own internal research activities and consider a broader range of information and opinions in formulating our investment decisions. However, the value the firm receives from these soft dollar benefits is difficult to quantify in a dollar amount.

Faye Sarofim & Co. has adopted a soft dollar policy to address the conflicts of interest that may arise when the firm has discretionary authority to direct brokerage related to clients' accounts to brokers from which we also receive soft dollar benefits. Under the firm's soft dollar policy, Faye Sarofim & Co. may give preference to the brokers that provide soft dollar benefits so long as we believe that the objective of best net execution for client transactions is not being sacrificed and that the soft dollar benefits provided fall within the soft dollar safe harbor provisions of Section 28(e) of the Securities Exchange Act of 1934 as interpreted by the Securities and Exchange Commission. The soft dollar benefits covered by these safe harbor provisions include:

- advice, given directly or through publications, concerning:
  - (a) the value of a security
  - (b) the advisability of investing in a certain security
  - (c) the availability of a security or the availability of purchasers or sellers of a security
- reports and analyses concerning securities, industries, issues, economic factors, market trends, portfolio strategy, and the performance of accounts

These safe harbor services do not include the referral of clients to Faye Sarofim & Co.

The firm uses the soft dollar safe harbor benefits received from brokers to service all of our client accounts, not just those accounts that paid commissions to the brokers providing the

research. Furthermore, a client account may pay a higher commission because of the soft dollar safe harbor benefits provided by a broker, but this will only occur if the firm has determined in good faith that this commission is reasonable in relation to the value of the soft dollar safe harbor benefits provided by the broker.

A committee of the firm's investment professionals meets semiannually to review and revise the list of approved broker/dealers that the firm's traders may use in executing trades. The committee evaluates brokers on the basis of the quality of order execution and the perceived value of the proprietary or third party research services provided. Targeted commission allotments are established accordingly. The list and commission targets are subject the approval of the firm's Investment Committee.

Over the past year, the soft dollar benefits the firm has received have been limited to the research and other services that fall within the soft dollar safe harbor provisions of Section 28(e) of the Securities Exchange Act of 1934.

### **Brokerage for Client Referrals**

Fayez Sarofim & Co. has a policy that precludes the firm from selecting a broker to execute transactions solely on the basis that this broker has referred clients or prospective clients to us. This practice is prohibited because of the conflicts of interest that could result. In exercising our brokerage discretion, we may select brokers that have referred clients or prospective clients to us to execute portfolio transactions, but this selection cannot be based solely on referrals and must be made in accordance with the general policies and procedures discussed throughout Item 12.

### **Client-Directed Brokerage**

A client of Fayez Sarofim & Co. may direct the firm to give preference to certain brokers or dealers in allocating brokerage transactions for the client's account. The firm will comply so long as we, in good faith, believe that the objective of best net execution is not being sacrificed or that the amount of commission being paid to such broker or dealer is reasonable in relation to the value of the services provided.

In some instances, the firm is directed to use a specific broker for executing transactions either as a result of instructions from a client or as a result of arrangements entered into by the client such as a wrap fee program agreement. (Please see the discussion of wrap fee programs in Item 4 Advisory Business on page 7.) In these instances, the designated broker may charge higher commission rates than those generally available to us. We will follow the client's direction and seek to obtain the lowest commission rate and best net execution available from this broker as long as the client understands that this arrangement limits our ability to negotiate commissions on the client's behalf and to aggregate or batch the client's order with the orders of other clients to attain reduced commission rates or better executions. The client in these instances must understand that if the firm were free to select a broker, negotiate for institutional brokerage rates, and to batch orders, the client might pay rates below customary retail brokerage rates and might achieve better executions.

When a broker has custody of a client's securities, the client may direct us to use this custodial broker for executing trades in the client's account. Often, a client and the custodial broker enter

into a brokerage arrangement to contain the total costs related to a client's account by avoiding the higher fees for trust, custody, or other services that may be charged by another custodian, such as a bank or trust company. In these instances, the firm will seek to obtain the lowest commission rate and best net execution available from the custodial broker. Despite the firm's efforts, however, the commission rate charged by the custodial broker may be higher or the executions less favorable than the firm could have achieved for the client if we had been granted brokerage discretion. From time to time, the firm will evaluate the performance of the custodial broker in executing portfolio transactions. If the firm believes the custodial broker's executions are sufficiently unfavorable or the commissions charged sufficiently excessive considering the brokerage and custody services being provided by the custodial broker, we will advise the client of our assessment. We may also recommend that the client change the custodial broker. (See also Item 15 Custody on page 31.)

## Item 13 –Review of Accounts

Fayez Sarofim & Co. accounts are managed within the guidelines set by the firm's Investment Committee. Teams of two to four investment professionals, which are selected by the Investment Committee, share the client servicing and portfolio management responsibilities for each account. We manage accounts on an individual basis, taking into consideration a client's known financial resources, investment objectives, and needs. Each account is reviewed at least quarterly by one of the investment professionals assigned to the portfolio management team for the account. This review is conducted in conjunction with the quarterly reporting process discussed below. Several factors may prompt a more frequent review, including significant cash flows, unusual liquidity requirements, or changes in a client's situation, investment objectives, or guidelines. Accounts may also be reviewed more frequently if there is a dramatic change in market conditions or a significant shift in the firm's economic and market outlook. Matters reviewed include portfolio holdings, asset mix, cash flow and liquidity requirements, account-specific instructions or guidelines, and other pertinent factors.

Portfolio reports are prepared by a portfolio analyst, reviewed by an investment professional, and distributed to clients on a quarterly basis. In some instances, the report may be prepared monthly. These written reports typically include:

- portfolio investment results, including current and longer term returns
- S&P sector classifications of portfolio holdings
- historical record of funds contributed, market value, dollar return, indicated annual income, and yield
- purchases and sales during the period
- contributions and withdrawals during the period
- 20 largest holdings
- portfolio appraisal by individual security, including purchase cost, current market value, percent of portfolio, indicated current income and yield
- projected earnings and dividends by security
- corporate capital changes and dividend changes

This written portfolio report also contains a statement urging clients to compare our portfolio appraisal with that received from their custodian and to notify us immediately of any discrepancies. This statement is made in accordance with our obligation to protect client interests and is consistent with the SEC rules for investment advisors.

Purchases and sales of securities made for the portfolio are confirmed by letter. When a new security position is established in the portfolio, the confirmation letter will also include a brief description of the issuing company and the reasons for the purchase. Periodically, clients receive our commentary on the economy and the market outlook. One or more of the investment professionals assigned to an account will confer with the client from time to time. Clients may also request a conference to review their account. Client communication is an important part of our investment advisory services, and we encourage clients to contact us if they have questions.

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

Fayez Sarofim & Co. and our affiliate Sarofim International Management Company have both entered into several written solicitation agreements.

Fayez Sarofim & Co. has one such agreement with MBSC Securities Corporation (MBSC), formerly named Dreyfus Service Corporation. MBSC has agreed to solicit investment advisory clients for the firm on a non-exclusive basis. The firm, in turn, has agreed to pay MBSC a referral fee, which is based on the investment advisory fees the firm receives from a client referred by MBSC. The referral fee is computed quarterly and due within 30 days after the end of a quarter. For accounts managed less than 12 months, the referral fee is 50 percent of the investment advisory fee. For all other accounts, the fee is 20 percent. No accounts are to be solicited in states in which such solicitations are not in compliance with state laws.

The firm also has three written solicitation agreements with Papamarkou Wellner Asset Management Inc. (PWAM). One agreement is for institutional accounts, one for non-institutional accounts, and the third agreement, which is inactive, is for incentive-fee government margin accounts. PWAM has agreed to solicit investment advisory clients for the firm on a non-exclusive basis. For accounts referred under the institutional and non-institutional account agreements, the firm has agreed to pay PWAM a referral fee, which is computed quarterly at 40 percent of the aggregate quarterly investment advisory fees the firm receives from clients referred by PWAM. The referral fee is due promptly after the firm collects the advisory fees. No accounts are to be solicited in states in which such solicitations are not in compliance with state laws.

The firm also entered into a written solicitation agreement with R. E. Kassar Corp. (REKC), a corporation controlled by Raymond E. Kassar. This agreement was terminated effective August 13, 1995, but the firm remains obligated to pay referral fees to REKC for as long as those clients who it referred to the firm continue to pay investment advisory fees. No accounts were to be solicited in states in which such solicitations were not in compliance with state laws. The agreement provided for REKC to receive a retainer fee and a referral fee. The referrals fees are computed quarterly at 35 percent of the aggregate quarterly investment advisory fees the firm receives from clients referred by REKC. Referral fees are paid quarterly promptly after the firm collects the advisory fees. For clients of foreign domicile, a special fee schedule for foreign and foreign-related accounts is used.

Fayez Sarofim & Co.’s affiliate Sarofim International Management Company has also entered into a written solicitation agreement with Papamarkou Wellner Asset Management Inc. (PWAM). For accounts referred under the agreement, the firm has agreed to pay PWAM a referral fee, which is computed quarterly at 40 percent of the aggregate quarterly investment advisory fees the firm receives from clients referred by PWAM. The referral fee is due promptly after the firm collects the advisory fees. No accounts are to be solicited in states in which such solicitations are not in compliance with state laws.

Sarofim International Management Company has also entered into a written solicitation agreement with Eaton Financial Consultants S.A. (EFC), a British Virgin Islands international business company. EFC has agreed to solicit investment advisory clients for the firm on a non-exclusive basis. The firm has agreed to pay EFC a referral fee for solicited accounts that pay an

investment advisory fee during the term of the agreement and during the eleven calendar months after the termination of the agreement. The fee is to be computed and paid quarterly at 40 percent of the aggregate quarterly investment advisory fees the firm receives from clients referred by EFC. No accounts are to be solicited in states in which such solicitations are not in compliance with state laws.

Sarofim International Management Company has entered into a written solicitation agreement with Global Asset Management Limited (GAM), a corporation formed under the laws of England and Wales. GAM has agreed to solicit investment advisory clients for the firm on a non-exclusive basis. No accounts are to be solicited in states in which such solicitations are not in compliance with state laws. The firm has agreed to pay GAM a referral fee for solicited accounts that pay an investment advisory fee during the term of the agreement and during the eleven calendar months after the termination of the agreement. The fee is to be computed and paid quarterly at one-third of the aggregate quarterly investment advisory fees the firm receives from clients referred by GAM.

From time to time, brokers, dealers, or other persons may refer clients or prospective clients to Faye Sarofim & Co. and our affiliates on an informal basis. The firms do not pay fees for these informal referrals. Furthermore, the firms will not select brokers or dealers to execute portfolio transactions solely on the basis that they have referred clients or prospective clients to the firm. Please refer to Item 12 Brokerage Practices—Brokerage for Client Referrals on page 26.

## **Item 15 –Custody**

“Custody” means holding, directly or indirectly, client funds or securities or having authority to obtain possession of them. Fayezi Sarofim & Co. does not hold client assets or provide custodial services. Assets of clients of our firm are held by a qualified custodian, usually a bank or brokerage firm. If the firm inadvertently receives client funds, we are required to return them to our client within three business days.

Before entering into an investment advisory agreement with Fayezi Sarofim & Co., you must first establish an account with a qualified custodian. If you need assistance in selecting a custodian, the firm will make suggestions, taking into consideration the cost, the perceived quality of the custodial services, and the types of securities involved as well as other factors we think may be relevant.

As a client, you should compare the quarterly portfolio report you receive from us with the account statements you receive from your qualified custodian. We urge you to notify us immediately if you find discrepancies. For tax purposes, the account statement you receive from your custodian is the official record of your transactions and assets.

## **Item 16 –Investment Discretion**

Fayez Sarofim & Co. will manage clients' assets on a fully discretionary basis, a limited discretionary basis or a non-discretionary basis. Most of our clients have granted us full discretionary authority to manage the investment of the assets in their accounts, and we prefer to manage accounts on this basis.

Before the firm may assume discretionary authority, the firm and the client must execute an investment advisory agreement and a power of attorney. The investment advisory agreement includes:

- A statement of the firm's appointment as investment manager
- A discussion of the duties and powers of the firm as investment manager including discretionary authority
- A description of the duties of the client, including advising the firm of investment objectives and any specific restrictions
- Other pertinent information on matters such as compensation and termination

With full discretionary authority for an account and a signed power of attorney, the firm is able to do the following without obtaining the client's consent:

- Determine which securities to buy or sell
- Determine the total amount of securities to buy or sell, subject to available funds
- Determine the broker or dealer through which to buy or sell securities
- Negotiate with the selected broker regarding commission rates for securities transactions

Unless the client notifies the firm in writing of specific restrictions, the investments made on behalf of the client are considered not to be restricted. The firm manages a number of accounts subject to client instructions that prohibit holding certain securities or types of securities or that limit weightings in individual sectors, industries, or securities.

In certain instances, the firm's discretion to determine the broker through which client securities are bought or sold is limited due to arrangements entered into by the client or directions from the client. For example, a particular broker may have custody of a client's securities, and the client may direct the firm to use this custodial broker to purchase or sell securities in the client's account. In other instances, the client may direct the firm to give preference to one or more brokers in allocating brokerage transactions for the account. For a discussion of the firm's policies and procedures in these instances, please refer to Item 12 Brokerage Practices on page 24.

When we provide services on a non-discretionary basis, we give the client investment advice, but we do not have the authority to implement our recommendations in the client's portfolio without the client's approval. The client may or may not follow the firm's advice. In certain non-discretionary arrangements, once the client has approved a particular transaction, the firm is authorized to place the order and select the broker to execute it. In other non-discretionary arrangements, the client places the order and selects the broker to execute the transaction.

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

### **Proxy Voting Policy**

A client may give Fayez Sarofim & Co. the authority to vote the proxies related to securities in the client's account. To guide us as we exercise this authority and to comply with SEC rules, the firm has adopted a Proxy Voting Policy and Procedures. We evaluate each proxy on a case-by-case basis and vote on each proxy proposal according to our judgment of the client's longer term best interests. In deciding how to vote on a particular proxy proposal, we rely, for the most part, on the business judgment of the issuer's management and directors and their understanding of their fiduciary responsibilities to shareholders. If we decide the recommendation of the issuing company's management is not in the best interests of shareholders, we will not follow management's recommendation.

To avoid conflicts of interest, no employee of Fayez Sarofim & Co. may participate in the voting process for a particular proxy if the employee meets any one of the following criteria:

- is an officer or director of the company issuing the proxy
- beneficially owns 5 percent or more of the outstanding shares of any class of securities of the company issuing the proxy
- otherwise is interested in any way in the outcome of the vote, with the exception of being a beneficial owner of less than 5 percent of the outstanding shares of any class of securities of the company issuing the proxy

Fayez Sarofim & Co., or a third party acting on the firm's behalf, retains:

- copies of all proxy statements received regarding client securities
- records of votes cast on behalf of clients
- records of client requests for proxy voting information
- documents used or prepared by the firm that were material to deciding how to vote on a particular issue
- copies of the Proxy Voting Policy and Proxy Voting Procedures adopted by the firm

Clients may obtain a copy of our Proxy Voting Policy by writing to:

Mrs. Raye G. White  
Executive Vice President  
and Chief Compliance Officer  
Fayez Sarofim & Co.  
Two Houston Center  
Suite 2907  
Houston, Texas 77010  
[rgwhite@sarofim.com](mailto:rgwhite@sarofim.com)

Clients who have given us authority to vote proxies on their behalf may obtain an annual, semiannual, or quarterly record of these votes by submitting a written request to Mrs. White at

the address above. Clients who have given us authority to vote proxies but wish to direct a particular vote may do so by submitting their instructions in writing to Mrs. White.

Clients may choose to retain the authority to vote the proxies related to securities in their accounts. In such instances, clients would receive the proxy statements from their custodians. Clients may contact Mrs. White at the address above if they have questions about a particular solicitation.

### **Proxy Voting Procedures**

Fayez Sarofim & Co. has retained Institutional Shareholder Services (ISS) to act as independent voting agent for the firm's domestic and global proxies. This relationship dates back to October 2001. Based on Fayez Sarofim & Co.'s voting instructions, ISS will vote the proxies for all shares for which we have a fiduciary obligation to vote. ISS also resolves problems with missing proxies, reconciles any share discrepancies, documents proxy votes, and performs various other proxy services on our behalf.

The following description outlines the process by which Fayez Sarofim & Co. determines how to vote on a specific proxy issue. First, ISS analyzes the proxy proposal in accordance with a set of policy guidelines established by Fayez Sarofim & Co.'s Proxy Committee and makes a vote recommendation to the firm. This recommendation, which becomes the default position for the vote, is then sent to the analyst at our firm who is responsible for the research coverage of that security.

If our analyst agrees with the vote recommendation submitted by ISS, he or she will instruct Risk Metrics to cast the vote according to that recommendation. If the analyst at our firm does not agree with the default recommendation provided by ISS, the analyst must provide a written explanation of the reasons for the different opinion. This written explanation is reviewed by the chairman of the firm's Proxy Committee. If the chairman agrees with the analyst's recommendation, that recommendation becomes final and binding, and ISS is instructed to vote according to the analyst's recommendation. In the rare instance that the chairman and the analyst cannot reach an agreement, the matter is considered by all the investment professionals on the Proxy Committee. The decision of the group is final and binding. No employee of the firm may participate in the voting process for a particular proxy, if any one of the three disqualifying factors enumerated in the Proxy Voting Policy section above applies.

Fayez Sarofim & Co. and ISS, acting on our behalf, maintain as permanent records the original proxy bulletin, the voting instructions, and the reasons for such votes. To comply with a new ruling, the firm must also file with the SEC annually a record of our votes on certain designated executive compensation issues that have been voted on at shareholder meetings. This record must include the votes on these issues for all the shares that the firm had, or shared, the power to vote or the power to direct the vote.

## **Item 18 –Financial Information**

The disclosures required by Item 18 do not apply to Fayezi Sarofim & Co. The firm is in sound financial condition, and we are confident that we can meet future contractual commitments to our clients. The firm does not require, solicit or permit prepayment of fees. Neither Fayezi Sarofim & Co. nor any of our affiliates has ever filed a bankruptcy petition.

## **Item 19 –Requirements for State-Registered Advisers**

Fayez Sarofim & Co. is not a state-registered adviser.

## **Part 2B of Form ADV Brochure Supplement**

### **Item 1      Cover Page**

#### **Fayez Sarofim & Co.**

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Houston, Texas 77010-1083  
Tel: 713-654-4484  
Fax: 713-654-8184  
[www.sarofim.com](http://www.sarofim.com)  
contact@sarofim.com

**July 31, 2011**

This Brochure Supplement provides information about the following investment professionals of Fayez Sarofim & Co. and supplements Fayez Sarofim & Co.'s Brochure. The Brochure is sometimes referred to as Part 2A of Form ADV. You should have received a copy of the Brochure.

*Fayez Sarofim	Robert M. Hopson III
*Mrs. Raye G. White	Satish (Steve) Gupta, Ph. D.
*Christopher B. Sarofim	Sherri H. Glover
*William Gentry Lee, Jr., CFA	Kenneth M. Burke, Jr., CFA
*Jeffrey M. Jacobe, CFA	Douglas K. Alder, CFA
*Ralph B. Thomas, CFA	Brian W. Lemasters, CFA
*Charles E. Sheedy, CFA	Daniel P. Connally
*Reynaldo Reza, CFA	Matthew M. Altenau
*Elizabeth S. Robison, CFA	S. E. Cody Dick, CFA
Alan R. Christensen, CFA	Nicholas J. Zdeblick, CFA
Catherine P. Crain, CFA	Victoria L. Fernandez

*\* Denotes member of Fayez Sarofim & Co.'s Investment Committee.*

A summary of professional designations is included at the end of this Brochure Supplement on page 49. The summary is provided to assist you in evaluating the professional designations held by our investment professionals.

If you did not receive the Brochure, or if you have any questions about the contents of this Supplement, please contact Mrs. Raye G. White at 713/654-4484 or [rgwhite@sarofim.com](mailto:rgwhite@sarofim.com). Mrs. White is the Executive Vice President of Fayez Sarofim & Co.

Additional information about our investment professionals is available on the Securities and Exchange Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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# Fayez Sarofim

## Item 2 Educational Background and Business Experience

Mr. Sarofim was born in 1928.

Professional Designation: Chartered Investment Counsellor (CIC)

Educational Background:

<u>Institution</u>	<u>Degree</u>	<u>Year Graduated</u>
Harvard University	M.B.A	1951
University of California at Berkeley	B.S.-Food Technology	1949

Business Experience (not including charitable, civic and similar activities):

<u>Company</u>	<u>Position</u>	<u>Time Period</u>
Fayez Sarofim & Co.	Chairman, Chief Executive Officer, Chief Investment Officer and Director	September 2010 - Present
	Chairman, President and Director	April 1983 – September 2010
	Chairman and Director	June 1982 – April 1983
	President and Director	August 1958 – June 1982
Sarofim Trust Co.	Chairman	September 2010 – Present
	Chairman and President	March 2008 – September 2010
	Chairman, President and Director	January 1978 – March 2008
Sarofim Realty Advisors Co.	Chairman and Director	June 1993 – Present
	President and Director	April 1983 – June 1993
	Director	July 1982 – April 1983
Sarofim International Management Company	Chairman, Chief Executive Officer, Chief Investment Officer and Director	September 2010 - Present
	Chairman and Director	May 2007 – September 2010
	Chairman, President and Director	November 1993 – May 2007

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Sarofim Advisors Group, Inc.	Chairman, Chief Executive Officer, Chief Investment Officer and Director	September 2010 – Present
	Chairman and Director	May 2007 – September 2010
	Chairman, President and Director	November 1993 – May 2007
The Sarofim Group, Inc.	Chairman, Chief Executive Officer and Director	September 2010 – Present
	Chairman, President and Director	December 1995 – September 2010
Fayez Sarofim & Co. (UK) Limited	Chairman and Chief Executive Director	November 1991 – September 2007
Argo Group International Holdings, Ltd.	Director	August 2007 - May 2009
Argonaut Group, Inc.	Director	September 1986 – August 2007
Kinder Morgan, Inc.	Director	February 2011 – Present
	Director	August 1999 – May 2007
Kinder Morgan Holdco, LLC	Board of Managers Member	May 2007 – February 2011
Artisan Network, Inc.	Director	December 1999 – June 2011
Unitrin, Inc.	Director	March 1990 – Present

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### **Item 3            Disciplinary Information**

The purpose of Item 3 is to disclose any involvement Mr. Sarofim may have had over the last ten years in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him. Over the last ten years, Mr. Sarofim has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him.

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

The purpose of Item 4 is to disclose any involvement Mr. Sarofim may have in any business activities other than his employment with Fayez Sarofim & Co. and its affiliates. Item 2 above lists all of Mr. Sarofim's material business experience and activity for the

current year and the previous five years. Included in the list are two companies that are not affiliates of Fayez Sarofim & Co. (Kinder Morgan Inc. and Unitrin, Inc.) for which Mr. Sarofim currently performs services. Mr. Sarofim is compensated by Unitrin, Inc.

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

The purpose of Item 5 is to disclose any financial arrangements with companies or individuals, other than Fayez Sarofim & Co., its affiliates and clients, which compensate Mr. Sarofim for providing advisory services. Mr. Sarofim is not compensated for providing advisory services under any financial arrangements with companies or individuals who are not clients of the firm or its affiliates.

#### **Item 6            Supervision**

The purpose of Item 6 is to disclose how Mr. Sarofim is supervised by Fayez Sarofim & Co. in the performance of his duties as a portfolio manager and how the investment advice he provides to clients of Fayez Sarofim & Co. is monitored.

As the Founder, Chief Executive Officer and controlling shareholder of Fayez Sarofim & Co., Mr. Sarofim is in a unique position of authority within the firm. However, the firm has policies that require all employees, including Mr. Sarofim, to comply with its Compliance Policies and Procedures, which include Codes of Ethics and Business Conduct.

All portfolio managers employed by Fayez Sarofim & Co. are required to implement the decisions of the Investment Committee and are supervised by the Chief Compliance Officer, Mrs. Raye G. White. Mrs. White is the Executive Vice President of the firm and can be contacted at 713/654-4484 or [rgwhite@sarofim.com](mailto:rgwhite@sarofim.com).

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# Raye G. White

## Item 2 Educational Background and Business Experience

Mrs. White was born in 1931.

Professional Designation: Chartered Investment Counsellor (CIC)

Educational Background: Attended Durham's Business College  
University of St. Thomas, Honorary Doctorate, 2005

Business Experience (not including charitable, civic and similar activities):

<u>Company</u>	<u>Position</u>	<u>Time Period</u>
Fayez Sarofim & Co.	Executive Vice President Secretary, Treasurer and Director	June 1982 – Present
	Vice President, Secretary, Treasurer and Director	August 1958 – June 1982
Sarofim Trust Co.	President, Chief Executive Officer, Secretary, Treasurer and Director	September 2010 – Present
	Executive Vice President, Secretary, Treasurer and Director	January 1978 – September 2010
Sarofim International Management Company	Executive Vice President, Secretary, Treasurer and Director	November 1993 – Present
Sarofim Advisors Group, Inc.	Executive Vice President, Secretary, Treasurer and Director	November 1993 – Present
Sarofim Realty Advisors Co.	Secretary, Treasurer and Director	September 2010 – Present
	Secretary and Director	July 1982 – September 2010
The Sarofim Group, Inc.	Executive Vice President, Secretary, Treasurer and Director	December 1995 – Present
Fayez Sarofim & Co. (UK) Limited	Secretary	November 1991 – September 2007

### **Item 3        Disciplinary Information**

The purpose of Item 3 is to disclose any involvement Mrs. White may have had over the last ten years in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of her. Over the last ten years, Mrs. White has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of her.

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

The purpose of Item 4 is to disclose any involvement Mrs. White may have in any business activities other than her employment with Fayezi Sarofim & Co. and its affiliates. Item 2 above lists all of Mrs. White's material business experience and activity for the current year and the previous five years. All of the additional companies listed are or were affiliates of Fayezi Sarofim & Co.

### **Item 5        Additional Compensation**

The purpose of Item 5 is to disclose any financial arrangements with companies or individuals, other than Fayezi Sarofim & Co., its affiliates and clients, which compensate Mrs. White for providing advisory services. Mrs. White is not compensated for providing advisory services under any financial arrangements with companies or individuals who are not clients of the firm or its affiliates.

### **Item 6        Supervision**

The purpose of Item 6 is to disclose how Mrs. White is supervised by Fayezi Sarofim & Co. in the performance of her duties as a member of the Investment Committee and how the investment advice she provides to clients of Fayezi Sarofim & Co. is monitored.

Fayezi Sarofim & Co. has policies that require all employees, including Mrs. White, to comply with its Compliance Policies and Procedures, which include Codes of Ethics and Business Conduct.

All portfolio managers employed by Fayezi Sarofim & Co. are required to implement the decisions of the Investment Committee and are supervised by the Chief Compliance Officer, Mrs. Raye G. White, and the Chairman of the firm, Mr. Sarofim. Mr. Sarofim can be contacted by telephone at 713/654-4484.

# Christopher B. Sarofim

## Item 2 Educational Background and Business Experience

Mr. Sarofim was born in 1963.

Educational Background:

<u>Institution</u>	<u>Degree</u>	<u>Year Graduated</u>
Princeton University	A.B.	1986

Business Experience (not including charitable, civic and similar activities):

<u>Company</u>	<u>Position</u>	<u>Time Period</u>
Fayez Sarofim & Co.	Vice Chairman	September 2010 – Present
	Vice President	September 1999 – September 2010
	Principal	October 1994 – September 1999
	Senior Associate	June 1993 – October 1994
	Associate	August 1988 – June 1993
Sarofim Trust Co.	Vice Chairman	September 2010 – Present
	Vice President	September 1999 – September 2010
Sarofim International Management Company	Vice Chairman and President	September 2010 – Present
	President	June 2007 – September 2010
	Vice President	September 1999 – May 2007
	Associate	November 1993 – August 1999
Sarofim Advisors Group, Inc.	Vice Chairman	September 2010 – Present
	Vice President	September 1999 – September 2010
The Sarofim Group, Inc.	Vice Chairman	September 2010 – Present
	Vice President	September 1999 – September 2010

### **Item 3        Disciplinary Information**

The purpose of Item 3 is to disclose any involvement Mr. Sarofim may have had over the last ten years in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him. Over the last ten years, Mr. Sarofim has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him.

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

The purpose of Item 4 is to disclose any involvement Mr. Sarofim may have in any business activities other than his employment with FAYEZ SAROFIM & CO. and its affiliates. Item 2 above lists all of Mr. Sarofim's material business experience and activity for the current year and the previous five years. All of the additional companies listed are affiliates of FAYEZ SAROFIM & CO.

### **Item 5        Additional Compensation**

The purpose of Item 5 is to disclose any financial arrangements with companies or individuals, other than FAYEZ SAROFIM & CO., its affiliates and clients, which compensate Mr. Sarofim for providing advisory services. Mr. Sarofim is not compensated for providing advisory services under any financial arrangements with companies or individuals who are not clients of the firm or its affiliates.

### **Item 6        Supervision**

The purpose of Item 6 is to disclose how Mr. Sarofim is supervised by FAYEZ SAROFIM & CO. in the performance of his duties as a portfolio manager and how the investment advice he provides to clients of FAYEZ SAROFIM & CO. is monitored.

FAYEZ SAROFIM & CO. has policies that require all employees, including Mr. Sarofim, to comply with its Compliance Policies and Procedures, which include Codes of Ethics and Business Conduct.

All portfolio managers employed by FAYEZ SAROFIM & CO. are required to implement the decisions of the Investment Committee and are supervised by the Chief Compliance Officer, Mrs. Raye G. White. Mrs. White is the Executive Vice President of the firm and can be contacted at 713/654-4484 or [rgwhite@sarofim.com](mailto:rgwhite@sarofim.com).

# William Gentry Lee, Jr., CFA

## Item 2 Educational Background and Business Experience

Mr. Lee was born in 1972.

Professional Designation: Chartered Financial Analyst (CFA)

Educational Background:

<u>Institution</u>	<u>Degree</u>	<u>Year Graduated</u>
Harvard University	M.B.A. – High Distinction	1998
Vanderbilt University	B.A. – Economics, Summa Cum Laude with High Honors	1994

Business Experience (not including charitable, civic and similar activities):

<u>Company</u>	<u>Position</u>	<u>Time Period</u>
Fayez Sarofim & Co.	President	September 2010 – Present
	Vice President and Chief Operating Officer	June 2008 – September 2010
	Vice President and Chief of Staff	May 2007 – June 2008
	Vice President	November 2003 – May 2007
	Principal	January 2002 – November 2003
	Associate	July 1998 – January 2002
Sarofim Trust Co.	Senior Vice President	September 2010 – Present
	Vice President	November 2003 – September 2010
Sarofim International Management Company	Senior Vice President	September 2010 – Present
	Vice President	November 2003 – September 2010
Sarofim Advisors Group, Inc.	President	September 2010 – Present
	Vice President	November 2003 – September 2010

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Sarofim Realty Advisors Co.	Senior Vice President	September 2010 – Present
The Sarofim Group, Inc.	President	September 2010 – Present
	Vice President	November 2003 – September 2010

### **Item 3      Disciplinary Information**

The purpose of Item 3 is to disclose any involvement Mr. Lee may have had over the last ten years in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him. Over the last ten years, Mr. Lee has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him.

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

The purpose of Item 4 is to disclose any involvement Mr. Lee may have in any business activities other than his employment with Fayezi Sarofim & Co. and its affiliates. Item 2 above lists all of Mr. Lee's material business experience and activity for the current year and the previous five years. All of the additional companies listed are affiliates of Fayezi Sarofim & Co.

### **Item 5      Additional Compensation**

The purpose of Item 5 is to disclose any financial arrangements with companies or individuals, other than Fayezi Sarofim & Co., its affiliates and clients, which compensate Mr. Lee for providing advisory services. Mr. Lee is not compensated for providing advisory services under any financial arrangements with companies or individuals who are not clients of the firm or its affiliates.

### **Item 6      Supervision**

The purpose of Item 6 is to disclose how Mr. Lee is supervised by Fayezi Sarofim & Co. in the performance of his duties as a portfolio manager and how the investment advice he provides to clients of Fayezi Sarofim & Co. is monitored.

Fayezi Sarofim & Co. has policies that require all employees, including Mr. Lee, to comply with its Compliance Policies and Procedures, which include Codes of Ethics and Business Conduct.

All portfolio managers employed by Fayezi Sarofim & Co. are required to implement the decisions of the Investment Committee and are supervised by the Chief Compliance Officer, Mrs. Raye G. White. Mrs. White is the Executive Vice President of the firm and can be contacted at 713/654-4484 or [rgwhite@sarofim.com](mailto:rgwhite@sarofim.com).

# Jeffrey M. Jacobe, CFA

## Item 2 Educational Background and Business Experience

Mr. Jacobe was born in 1971.

Professional Designation: Chartered Financial Analyst (CFA)

Educational Background:

<u>Institution</u>	<u>Degree</u>	<u>Year Graduated</u>
Harvard Business School	M.B.A.	1999
University of Texas at Austin	B.B.A. – Finance with Honors	1994

Business Experience (not including charitable, civic and similar activities):

<u>Company</u>	<u>Position</u>	<u>Time Period</u>
Fayez Sarofim & Co.	Senior Vice President and Director of Investments	September 2010 – Present
	Vice President and Director of Investments	June 2007 – September 2010
	Senior Principal	November 2003 – May 2007
	Associate	July 2000 – November 2003
Sarofim Trust Co.	Senior Vice President and Director of Investments	September 2010 – Present
	Vice President	June 2007 – September 2010
Sarofim International Management Company	Senior Vice President and Director of Investments	September 2010 – Present
	Vice President	June 2007 – September 2010
Sarofim Advisors Group, Inc.	Senior Vice President and Director of Investments	September 2010 – Present
	Vice President	June 2007 – September 2010

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The Sarofim Group, Inc.	Senior Vice President and Director of Investments	September 2010 – Present
	Vice President	June 2007 – September 2010

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### **Item 3        Disciplinary Information**

The purpose of Item 3 is to disclose any involvement Mr. Jacobe may have had over the last ten years in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him. Over the last ten years, Mr. Jacobe has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him.

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

The purpose of Item 4 is to disclose any involvement Mr. Jacobe may have in any business activities other than his employment with FAYEZ SAROFIM & CO. and its affiliates. Item 2 above lists all of Mr. Jacobe's material business experience and activity for the current year and the previous five years. All of the additional companies listed are affiliates of FAYEZ SAROFIM & CO.

### **Item 5        Additional Compensation**

The purpose of Item 5 is to disclose any financial arrangements with companies or individuals, other than FAYEZ SAROFIM & CO., its affiliates and clients, which compensate Mr. Jacobe for providing advisory services. Mr. Jacobe is not compensated for providing advisory services under any financial arrangements with companies or individuals who are not clients of the firm or its affiliates.

### **Item 6        Supervision**

The purpose of Item 6 is to disclose how Mr. Jacobe is supervised by FAYEZ SAROFIM & CO. in the performance of his duties as a portfolio manager and how the investment advice he provides to clients of FAYEZ SAROFIM & CO. is monitored.

FAYEZ SAROFIM & CO. has policies that require all employees, including Mr. Jacobe, to comply with its Compliance Policies and Procedures, which include Codes of Ethics and Business Conduct.

All portfolio managers employed by FAYEZ SAROFIM & CO. are required to implement the decisions of the Investment Committee and are supervised by the Chief Compliance Officer, Mrs. Raye G. White. Mrs. White is the Executive Vice President of the firm and can be contacted at 713/654-4484 or [rgwhite@sarofim.com](mailto:rgwhite@sarofim.com).

# Ralph B. Thomas, CFA

## Item 2 Educational Background and Business Experience

Mr. Thomas was born in 1944.

Professional Designations: Chartered Financial Analyst (CFA)  
Chartered Investment Counsellor (CIC)

Educational Background:

<u>Institution</u>	<u>Degree</u>	<u>Year Graduated</u>
University of Texas at Austin	M.B.A - Finance	1968
University of Texas at Austin	B.B.A. - Finance	1966

Business Experience (not including charitable, civic and similar activities):

<u>Company</u>	<u>Position</u>	<u>Time Period</u>
Fayez Sarofim & Co.	Senior Vice President	June 1982 – Present
	Vice President	July 1973 – June 1982
	Associate	June 1968 – June 1973
Sarofim Trust Co.	Senior Vice President and Director	August 1997 – Present
	Vice President and Director	February 1998 – August 1997
	Vice President	August 1985 – February 1988
	Associate	March 1982 –August 1985
Sarofim International Management Company	Senior Vice President	November 1993 – Present
Sarofim Advisors Group, Inc.	Senior Vice President	November 1993 – Present
The Sarofim Group, Inc.	Senior Vice President	December 1995 – Present

### **Item 3        Disciplinary Information**

The purpose of Item 3 is to disclose any involvement Mr. Thomas may have had over the last ten years in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him. Over the last ten years, Mr. Thomas has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him.

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

The purpose of Item 4 is to disclose any involvement Mr. Thomas may have in any business activities other than his employment with Fayezi Sarofim & Co. and its affiliates. Item 2 above lists all of Mr. Thomas's material business experience and activity for the current year and the previous five years. All of the additional companies listed are affiliates of Fayezi Sarofim & Co.

### **Item 5        Additional Compensation**

The purpose of Item 5 is to disclose any financial arrangements with companies or individuals, other than Fayezi Sarofim & Co., its affiliates and clients, which compensate Mr. Thomas for providing advisory services. Mr. Thomas is not compensated for providing advisory services under any financial arrangements with companies or individuals who are not clients of the firm or its affiliates.

### **Item 6        Supervision**

The purpose of Item 6 is to disclose how Mr. Thomas is supervised by Fayezi Sarofim & Co. in the performance of his duties as a portfolio manager and how the investment advice he provides to clients of Fayezi Sarofim & Co. is monitored.

Fayezi Sarofim & Co. has policies that require all employees, including Mr. Thomas, to comply with its Compliance Policies and Procedures, which include Codes of Ethics and Business Conduct.

All portfolio managers employed by Fayezi Sarofim & Co. are required to implement the decisions of the Investment Committee and are supervised by the Chief Compliance Officer, Mrs. Raye G. White. Mrs. White is the Executive Vice President of the firm and can be contacted at 713/654-4484 or [rgwhite@sarofim.com](mailto:rgwhite@sarofim.com).

# Charles E. Sheedy, CFA

## Item 2 Educational Background and Business Experience

Mr. Sheedy was born in 1947.

Professional Designations: Chartered Financial Analyst (CFA)  
Chartered Investment Counsellor (CIC)

Educational Background:

<u>Institution</u>	<u>Degree</u>	<u>Year Graduated</u>
Harvard University	M.B.A.	1971
University of Notre Dame	B.A.- English Literature	1969

Business Experience (not including charitable, civic and similar activities):

<u>Company</u>	<u>Position</u>	<u>Time Period</u>
Fayez Sarofim & Co.	Senior Vice President	October 1986 – Present
	Vice President	June 1982 – October 1986
	Senior Associate	July 1978 – June 1982
	Associate	June 1971 – July 1978
Sarofim Trust Co.	Senior Vice President and Director	August 1997 – Present
	Vice President and Director	February 1998 – August 1997
	Vice President	August 1985 – February 1988
	Associate	March 1982 – August 1985
Sarofim Realty Advisors Co.	Vice Chairman	June 1993 – Present
Sarofim International Management Company	Senior Vice President	November 1993 – Present
Sarofim Advisors Group, Inc.	Senior Vice President	November 1993 – Present
The Sarofim Group, Inc.	Senior Vice President	December 1995 – Present

### **Item 3        Disciplinary Information**

The purpose of Item 3 is to disclose any involvement Mr. Sheedy may have had over the last ten years in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him. Over the last ten years, Mr. Sheedy has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him.

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

The purpose of Item 4 is to disclose any involvement Mr. Sheedy may have in any business activities other than his employment with FAYEZ SAROFIM & CO. and its affiliates. Item 2 above lists all of Mr. Sheedy's material business experience and activity for the current year and the previous five years. All of the additional companies listed are affiliates of FAYEZ SAROFIM & CO.

### **Item 5        Additional Compensation**

The purpose of Item 5 is to disclose any financial arrangements with companies or individuals, other than FAYEZ SAROFIM & CO., its affiliates and clients, which compensate Mr. Sheedy for providing advisory services. Mr. Sheedy is not compensated for providing advisory services under any financial arrangements with companies or individuals who are not clients of the firm or its affiliates.

### **Item 6        Supervision**

The purpose of Item 6 is to disclose how Mr. Sheedy is supervised by FAYEZ SAROFIM & CO. in the performance of his duties as a portfolio manager and how the investment advice he provides to clients of FAYEZ SAROFIM & CO. is monitored.

FAYEZ SAROFIM & CO. has policies that require all employees, including Mr. Sheedy, to comply with its Compliance Policies and Procedures, which include Codes of Ethics and Business Conduct.

All portfolio managers employed by FAYEZ SAROFIM & CO. are required to implement the decisions of the Investment Committee and are supervised by the Chief Compliance Officer, Mrs. Raye G. White. Mrs. White is the Executive Vice President of the firm and can be contacted at 713/654-4484 or [rgwhite@sarofim.com](mailto:rgwhite@sarofim.com).

# Reynaldo Reza, CFA

## Item 2 Educational Background and Business Experience

Mr. Reza was born in 1962.

Professional Designation: Chartered Financial Analyst (CFA)

Educational Background:

<u>Institution</u>	<u>Degree</u>	<u>Year Graduated</u>
Harvard University	M.B.A.	1995
United States Military Academy	B.S. – Aerospace Engineering	1984

Business Experience (not including charitable, civic and similar activities):

<u>Company</u>	<u>Position</u>	<u>Time Period</u>
Fayez Sarofim & Co.	Vice President	November 2003 – Present
	Principal	April 1998 – November 2003
	Associate	July 1995 – April 1998
Sarofim Trust Co.	Vice President	November 2003 – Present
Sarofim International Management Company	Vice President	November 2003 – Present
Sarofim Advisors Group, Inc.	Vice President	November 2003 – Present
The Sarofim Group, Inc.	Vice President	November 2003 – Present

## Item 3 Disciplinary Information

The purpose of Item 3 is to disclose any involvement Mr. Reza may have had over the last ten years in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him. Over the last ten years, Mr. Reza has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him.

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

The purpose of Item 4 is to disclose any involvement Mr. Reza may have in any business activities other than his employment with Fayezi Sarofim & Co. and its affiliates. Item 2 above lists all of Mr. Reza's material business experience and activity for the current year and the previous five years. All of the additional companies listed are affiliates of Fayezi Sarofim & Co.

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

The purpose of Item 5 is to disclose any financial arrangements with companies or individuals, other than Fayezi Sarofim & Co., its affiliates and clients, which compensate Mr. Reza for providing advisory services. Mr. Reza is not compensated for providing advisory services under any financial arrangements with companies or individuals who are not clients of the firm or its affiliates.

#### **Item 6            Supervision**

The purpose of Item 6 is to disclose how Mr. Reza is supervised by Fayezi Sarofim & Co. in the performance of his duties as a portfolio manager and how the investment advice he provides to clients of Fayezi Sarofim & Co. is monitored.

Fayezi Sarofim & Co. has policies that require all employees, including Mr. Reza, to comply with its Compliance Policies and Procedures, which include Codes of Ethics and Business Conduct.

All portfolio managers employed by Fayezi Sarofim & Co. are required to implement the decisions of the Investment Committee and are supervised by the Chief Compliance Officer, Mrs. Raye G. White. Mrs. White is the Executive Vice President of the firm and can be contacted at 713/654-4484 or [rgwhite@sarofim.com](mailto:rgwhite@sarofim.com).

# Elizabeth S. Robison, CFA

## Item 2 Educational Background and Business Experience

Mrs. Robison was born in 1970.

Professional Designation: Chartered Financial Analyst (CFA)

Educational Background:

<u>Institution</u>	<u>Degree</u>	<u>Year Graduated</u>
University of Texas at Austin	M.B.A. – Graduate School of Business	1997
Vanderbilt University	B.A. – Summa Cum Laude in Mathematics	1993

Business Experience (not including charitable, civic and similar activities):

<u>Company</u>	<u>Position</u>	<u>Time Period</u>
Fayez Sarofim & Co.	Vice President	November 2003 – Present
	Principal	March 2000 – November 2003
	Associate	August 1997 – February 2000
Sarofim Trust Co.	Vice President	November 2003 – Present
Sarofim International Management Company	Vice President	November 2003 – Present
Sarofim Advisors Group, Inc.	Vice President	November 2003 – Present
The Sarofim Group, Inc.	Vice President	November 2003 – Present

## Item 3 Disciplinary Information

The purpose of Item 3 is to disclose any involvement Mrs. Robison may have had over the last ten years in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of her. Over the last ten years, Mrs. Robison has not been

involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of her.

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

The purpose of Item 4 is to disclose any involvement Mrs. Robison may have in any business activities other than her employment with Fayezi Sarofim & Co. and its affiliates. Item 2 above lists all of Mrs. Robison's material business experience and activity for the current year and the previous five years. All of the additional companies listed are affiliates of Fayezi Sarofim & Co.

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

The purpose of Item 5 is to disclose any financial arrangements with companies or individuals, other than Fayezi Sarofim & Co., its affiliates and clients, which compensate Mrs. Robison for providing advisory services. Mrs. Robison is not compensated for providing advisory services under any financial arrangements with companies or individuals who are not clients of the firm or its affiliates.

#### **Item 6        Supervision**

The purpose of Item 6 is to disclose how Mrs. Robison is supervised by Fayezi Sarofim & Co. in the performance of her duties as a portfolio manager and how the investment advice she provides to clients of Fayezi Sarofim & Co. is monitored.

Fayezi Sarofim & Co. has policies that require all employees, including Mrs. Robison, to comply with its Compliance Policies and Procedures, which include Codes of Ethics and Business Conduct.

All portfolio managers employed by Fayezi Sarofim & Co. are required to implement the decisions of the Investment Committee and are supervised by the Chief Compliance Officer, Mrs. Raye G. White. Mrs. White is the Executive Vice President of the firm and can be contacted at 713/654-4484 or [rgwhite@sarofim.com](mailto:rgwhite@sarofim.com).

# Alan R. Christensen, CFA

## Item 2 Educational Background and Business Experience

Mr. Christensen was born in 1973.

Professional Designation: Chartered Financial Analyst (CFA)

Educational Background:

<u>Institution</u>	<u>Degree</u>	<u>Year Graduated</u>
Cornell University	M.B.A	2005
Washington & Lee University	B.A. – Economics and History	1995

Business Experience (not including charitable, civic and similar activities):

<u>Company</u>	<u>Position</u>	<u>Time Period</u>
Fayez Sarofim & Co.	Vice President and Chief Operating Officer	September 2010 - Present
	Principal	June 2008 – August 2010
	Associate	December 2005 – May 2008
Sarofim Trust Co.	Vice President and Chief Operating Officer	September 2010 – Present
Sarofim International Management Company	Vice President and Chief Operating Officer	September 2010 – Present
Sarofim Advisors Group, Inc.	Vice President and Chief Operating Officer	September 2010 – Present
The Sarofim Group, Inc.	Vice President and Chief Operating Officer	September 2010 – Present
Alvarez & Marsal, LLP	Director	August 2005 – December 2005
Accenture, LLP	Senior Manager	August 1995 – August 2003

### **Item 3        Disciplinary Information**

The purpose of Item 3 is to disclose any involvement Mr. Christensen may have had over the last ten years in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him. Over the last ten years, Mr. Christensen has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him.

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

The purpose of Item 4 is to disclose any involvement Mr. Christensen may have in any business activities other than his employment with Fayez Sarofim & Co. and its affiliates. Item 2 above lists all of Mr. Christensen's material business experience and activity for the current year and the previous five years. All of the additional companies listed, in which Mr. Christensen is currently active, are affiliates of Fayez Sarofim & Co.

### **Item 5        Additional Compensation**

The purpose of Item 5 is to disclose any financial arrangements with companies or individuals, other than Fayez Sarofim & Co., its affiliates and clients, which compensate Mr. Christensen for providing advisory services. Mr. Christensen is not compensated for providing advisory services under any financial arrangements with companies or individuals who are not clients of the firm or its affiliates.

### **Item 6        Supervision**

The purpose of Item 6 is to disclose how Mr. Christensen is supervised by Fayez Sarofim & Co. in the performance of his duties as a portfolio manager and how the investment advice he provides to clients of Fayez Sarofim & Co. is monitored.

Fayez Sarofim & Co. has policies that require all employees, including Mr. Christensen, to comply with its Compliance Policies and Procedures, which include Codes of Ethics and Business Conduct.

All portfolio managers employed by Fayez Sarofim & Co. are required to implement the decisions of the Investment Committee and are supervised by the Chief Compliance Officer, Mrs. Raye G. White. Mrs. White is the Executive Vice President of the firm and can be contacted at 713/654-4484 or [rgwhite@sarofim.com](mailto:rgwhite@sarofim.com).

# Catherine P. Crain, CFA

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

Mrs. Crain was born in 1967.

Professional Designation: Chartered Financial Analyst (CFA)

Educational Background:

<u>Institution</u>	<u>Degree</u>	<u>Year Graduated</u>
University of Texas at Austin	M.B.A. – Finance	1993
University of Texas at Austin	B.A. – Plan II Liberal Arts Honors Program	1989

Business Experience (not including charitable, civic and similar activities):

<u>Company</u>	<u>Position</u>	<u>Time Period</u>
Fayez Sarofim & Co.	Vice President and Director of Marketing and Client Service	June 2007 – Present
	Vice President	November 2003 – May 2007
	Principal	April 1998 – October 2003
	Associate	August 1993 – April 1998
Sarofim Trust Co.	Vice President	November 2003 – Present
Sarofim International Management Company	Vice President	November 2003 – Present
Sarofim Advisors Group, Inc.	Vice President	November 2003 – Present
The Sarofim Group, Inc.	Vice President	November 2003 – Present

## **Item 3      Disciplinary Information**

The purpose of Item 3 is to disclose any involvement Mrs. Crain may have had over the last ten years in any legal or disciplinary events that would be material to a client's or

prospective client's evaluation of her. Over the last ten years, Mrs. Crain has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of her.

**Item 4        Other Business Activities**

The purpose of Item 4 is to disclose any involvement Mrs. Crain may have in any business activities other than her employment with FAYEZ SAROFIM & CO. and its affiliates. Item 2 above lists all of Mrs. Crain's material business experience and activity for the current year and the previous five years. All of the additional companies listed are affiliates of FAYEZ SAROFIM & CO.

**Item 5        Additional Compensation**

The purpose of Item 5 is to disclose any financial arrangements with companies or individuals, other than FAYEZ SAROFIM & CO., its affiliates and clients, which compensate Mrs. Crain for providing advisory services. Mrs. Crain is not compensated for providing advisory services under any financial arrangements with companies or individuals who are not clients of the firm or its affiliates.

**Item 6        Supervision**

The purpose of Item 6 is to disclose how Mrs. Crain is supervised by FAYEZ SAROFIM & CO. in the performance of her duties as a portfolio manager and how the investment advice she provides to clients of FAYEZ SAROFIM & CO. is monitored.

FAYEZ SAROFIM & CO. has policies that require all employees, including Mrs. Crain, to comply with its Compliance Policies and Procedures, which include Codes of Ethics and Business Conduct.

All portfolio managers employed by FAYEZ SAROFIM & CO. are required to implement the decisions of the Investment Committee and are supervised by the Chief Compliance Officer, Mrs. Raye G. White. Mrs. White is the Executive Vice President of the firm and can be contacted at 713/654-4484 or [rgwhite@sarofim.com](mailto:rgwhite@sarofim.com).

# Robert M. Hopson III

## Item 2      Educational Background and Business Experience

Mr. Hopson was born in 1969.

Educational Background:

<u>Institution</u>	<u>Degree</u>	<u>Year Graduated</u>
Southern Methodist University	B.S. – Finance/Economics	1994

Business Experience (not including charitable, civic and similar activities):

<u>Company</u>	<u>Position</u>	<u>Time Period</u>
Fayez Sarofim & Co.	Vice President	March 2010 – Present
	Senior Principal	November 2003 – March 2010
	Principal	November 1999 – October 2003
	Associate	April 1997 – October 1999
	Marketing Specialist	May 1994 – March 1997
Sarofim Trust Co.	Vice President	March 2010 – Present
Sarofim International Management Company	Vice President	March 2010 – Present
Sarofim Advisors Group, Inc.	Vice President	March 2010 – Present
The Sarofim Group, Inc.	Vice President	March 2010 – Present

## Item 3      Disciplinary Information

The purpose of Item 3 is to disclose any involvement Mr. Hopson may have had over the last ten years in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him. Over the last ten years, Mr. Hopson has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him.

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

The purpose of Item 4 is to disclose any involvement Mr. Hopson may have in any business activities other than his employment with Fayez Sarofim & Co. and its affiliates. Item 2 above lists all of Mr. Hopson's material business experience and activity for the current year and the previous five years. All of the additional companies listed are affiliates of Fayez Sarofim & Co.

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

The purpose of Item 5 is to disclose any financial arrangements with companies or individuals, other than Fayez Sarofim & Co., its affiliates and clients, which compensate Mr. Hopson for providing advisory services. Mr. Hopson is not compensated for providing advisory services under any financial arrangements with companies or individuals who are not clients of the firm or its affiliates.

#### **Item 6            Supervision**

The purpose of Item 6 is to disclose how Mr. Hopson is supervised by Fayez Sarofim & Co. in the performance of his duties as a portfolio manager and how the investment advice he provides to clients of Fayez Sarofim & Co. is monitored.

Fayez Sarofim & Co. has policies that require all employees, including Mr. Hopson, to comply with its Compliance Policies and Procedures, which include Codes of Ethics and Business Conduct.

All portfolio managers employed by Fayez Sarofim & Co. are required to implement the decisions of the Investment Committee and are supervised by the Chief Compliance Officer, Mrs. Raye G. White. Mrs. White is the Executive Vice President of the firm and can be contacted at 713/654-4484 or [rgwhite@sarofim.com](mailto:rgwhite@sarofim.com).

# Satish (Steve) Gupta, Ph.D.

## Item 2 Educational Background and Business Experience

Mr. Gupta was born in 1945.

Educational Background:

<u>Institution</u>	<u>Degree</u>	<u>Year Graduated</u>
University of Texas at Austin	M.B.A. – Finance/Marketing	1978
University of Houston	Ph.D. – Biophysical Sciences/Chemistry	1973
Agra University	M. Sc. - Chemistry	1965
Punjab University	B. Sc. – Chemistry, Physics, Mathematics	1963

Business Experience (not including charitable, civic and similar activities):

<u>Company</u>	<u>Position</u>	<u>Time Period</u>
Fayez Sarofim & Co.	Vice President	February 1998 – Present
	Senior Principal	October 1994 – January 1998
	Principal	June 1993 – October 1994
	Associate	May 1986 – June 1993
Sarofim Trust Co.	Vice President	February 1998 – Present
Sarofim International Management Company	Vice President	February 1998 – Present
Sarofim Advisors Group, Inc.	Vice President	February 1998 – Present
The Sarofim Group, Inc.	Vice President	February 1998 – Present

### **Item 3        Disciplinary Information**

The purpose of Item 3 is to disclose any involvement Mr. Gupta may have had over the last ten years in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him. Over the last ten years, Mr. Gupta has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him.

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

The purpose of Item 4 is to disclose any involvement Mr. Gupta may have in any business activities other than his employment with Fayez Sarofim & Co. and its affiliates. Item 2 above lists all of Mr. Gupta's material business experience and activity for the current year and the previous five years. All of the additional companies listed are affiliates of Fayez Sarofim & Co.

### **Item 5        Additional Compensation**

The purpose of Item 5 is to disclose any financial arrangements with companies or individuals, other than Fayez Sarofim & Co., its affiliates and clients, which compensate Mr. Gupta for providing advisory services. Mr. Gupta is not compensated for providing advisory services under any financial arrangements with companies or individuals who are not clients of the firm or its affiliates.

### **Item 6        Supervision**

The purpose of Item 6 is to disclose how Mr. Gupta is supervised by Fayez Sarofim & Co. in the performance of his duties as a portfolio manager and how the investment advice he provides to clients of Fayez Sarofim & Co. is monitored.

Fayez Sarofim & Co. has policies that require all employees, including Mr. Gupta, to comply with its Compliance Policies and Procedures, which include Codes of Ethics and Business Conduct.

All portfolio managers employed by FAYEZ SAROFIM & CO. are required to implement the decisions of the Investment Committee and are supervised by the Chief Compliance Officer, Mrs. Raye G. White. Mrs. White is the Executive Vice President of the firm and can be contacted at 713/654-4484 or [rgwhite@sarofim.com](mailto:rgwhite@sarofim.com).

# Sherri H. Glover

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

Mrs. Glover was born in 1947.

Educational Background:

<u>Institution</u>	<u>Degree</u>	<u>Year Graduated</u>
Stephen F. Austin State University	B.S. – Economics	1969

Business Experience (not including charitable, civic and similar activities):

<u>Company</u>	<u>Position</u>	<u>Time Period</u>
Fayez Sarofim & Co.	Principal	December 1998 – Present
Advantage Capital Corporation	Senior Vice President	October 1990 – November 1998

## **Item 3      Disciplinary Information**

The purpose of Item 3 is to disclose any involvement Mrs. Glover may have had over the last ten years in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of her. Over the last ten years, Mrs. Glover has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of her.

## **Item 4      Other Business Activities**

The purpose of Item 4 is to disclose any involvement Mrs. Glover may have in any business activities other than her employment with Fayez Sarofim & Co. and its affiliates. Item 2 above lists all of Mrs. Glover's material business experience and activity for the current year and the previous five years. Mrs. Glover is currently employed only at Fayez Sarofim & Co.

## **Item 5      Additional Compensation**

The purpose of Item 5 is to disclose any financial arrangements with companies or individuals, other than Fayez Sarofim & Co., its affiliates and clients, which compensate Mrs. Glover for providing advisory services. Mrs. Glover is not compensated for providing advisory services under any financial arrangements with companies or individuals who are not clients of the firm or its affiliates.

## **Item 6              Supervision**

The purpose of Item 6 is to disclose how Mrs. Glover is supervised by Faye Sarofim & Co. in the performance of her duties as a portfolio manager and how the investment advice she provides to clients of Faye Sarofim & Co. is monitored.

Faye Sarofim & Co. has policies that require all employees, including Mrs. Glover, to comply with its Compliance Policies and Procedures, which include Codes of Ethics and Business Conduct.

All portfolio managers employed by Faye Sarofim & Co. are required to implement the decisions of the Investment Committee and are supervised by the Chief Compliance Officer, Mrs. Raye G. White. Mrs. White is the Executive Vice President of the firm and can be contacted at 713/654-4484 or [rgwhite@sarofim.com](mailto:rgwhite@sarofim.com).

# Kenneth M. Burke, Jr., CFA

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

Mr. Burke was born in 1974.

Professional Designation: Chartered Financial Analyst (CFA)

Educational Background:

<u>Institution</u>	<u>Degree</u>	<u>Year Graduated</u>
University of Texas at Austin	M.B.A.	2001
Vanderbilt University	B.B.A.- Math and Economics	1997

Business Experience (not including charitable, civic and similar activities):

<u>Company</u>	<u>Position</u>	<u>Time Period</u>
Fayez Sarofim & Co.	Principal	June 2007 - Present
	Associate	June 2001 – May 2007

## **Item 3      Disciplinary Information**

The purpose of Item 3 is to disclose any involvement Mr. Burke may have had over the last ten years in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him. Over the last ten years, Mr. Burke has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him.

## **Item 4      Other Business Activities**

The purpose of Item 4 is to disclose any involvement Mr. Burke may have in any business activities other than his employment with Fayez Sarofim & Co. and its affiliates. Item 2 above lists all of Mr. Burke's material business experience and activity for the current year and the previous five years. Mr. Burke is currently employed only at Fayez Sarofim & Co.

## **Item 5      Additional Compensation**

The purpose of Item 5 is to disclose any financial arrangements with companies or individuals, other than Fayez Sarofim & Co., its affiliates and clients, which compensate Mr. Burke for providing advisory services. Mr. Burke is not compensated for providing

advisory services under any financial arrangements with companies or individuals who are not clients of the firm or its affiliates.

#### **Item 6        Supervision**

The purpose of Item 6 is to disclose how Mr. Burke is supervised by Fayez Sarofim & Co. in the performance of his duties as a portfolio manager and how the investment advice he provides to clients of Fayez Sarofim & Co. is monitored.

Fayez Sarofim & Co. has policies that require all employees, including Mr. Burke, to comply with its Compliance Policies and Procedures, which include Codes of Ethics and Business Conduct.

All portfolio managers employed by Fayez Sarofim & Co. are required to implement the decisions of the Investment Committee and are supervised by the Chief Compliance Officer, Mrs. Raye G. White. Mrs. White is the Executive Vice President of the firm and can be contacted at 713/654-4484 or [rgwhite@sarofim.com](mailto:rgwhite@sarofim.com).

# Douglas K. Alder, CFA

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

Mr. Alder was born in 1973.

Professional Designation: Chartered Financial Analyst (CFA)

Educational Background:

<u>Institution</u>	<u>Degree</u>	<u>Year Graduated</u>
University of Texas at Austin	M.B.A.	2002
Brigham Young University	B.S.- Mechanical Engineering, Summa Cum Laude	1997

Business Experience (not including charitable, civic and similar activities):

<u>Company</u>	<u>Position</u>	<u>Time Period</u>
Fayez Sarofim & Co.	Principal	June 2007 – Present
	Associate	June 2002 – May 2007

## **Item 3      Disciplinary Information**

The purpose of Item 3 is to disclose any involvement Mr. Alder may have had over the last ten years in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him. Over the last ten years, Mr. Alder has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him.

## **Item 4      Other Business Activities**

The purpose of Item 4 is to disclose any involvement Mr. Alder may have in any business activities other than his employment with Fayez Sarofim & Co. and its affiliates. Item 2 above lists all of Mr. Alder's material business experience and activity for the current year and the previous five years. Mr. Alder is currently employed only at Fayez Sarofim & Co.

## **Item 5      Additional Compensation**

The purpose of Item 5 is to disclose any financial arrangements with companies or individuals, other than Fayez Sarofim & Co., its affiliates and clients, which compensate

Mr. Alder for providing advisory services. Mr. Alder is not compensated for providing advisory services under any financial arrangements with companies or individuals who are not clients of the firm or its affiliates.

#### **Item 6        Supervision**

The purpose of Item 6 is to disclose how Mr. Alder is supervised by Fayezi Sarofim & Co. in the performance of his duties as a portfolio manager and how the investment advice he provides to clients of Fayezi Sarofim & Co. is monitored.

Fayezi Sarofim & Co. has policies that require all employees, including Mr. Alder, to comply with its Compliance Policies and Procedures, which include Codes of Ethics and Business Conduct.

All portfolio managers employed by Fayezi Sarofim & Co. are required to implement the decisions of the Investment Committee and are supervised by the Chief Compliance Officer, Mrs. Raye G. White. Mrs. White is the Executive Vice President of the firm and can be contacted at 713/654-4484 or [rgwhite@sarofim.com](mailto:rgwhite@sarofim.com).

# Brian W. Lemasters, CFA

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

Mr. Lemasters was born in 1974.

Professional Designation: Chartered Financial Analyst (CFA)

Educational Background:

<u>Institution</u>	<u>Degree</u>	<u>Year Graduated</u>
Harvard University	M.B.A.	2003
Bethany College	B.A. – Economics, Summa Cum Laude	1996

Business Experience (not including charitable, civic and similar activities):

<u>Company</u>	<u>Position</u>	<u>Time Period</u>
Fayez Sarofim & Co.	Principal	June 2008 – Present
	Senior Associate	May 2007 – June 2008
	Associate	August 2003 – May 2007

## **Item 3 Disciplinary Information**

The purpose of Item 3 is to disclose any involvement Mr. Lemasters may have had over the last ten years in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him. Over the last ten years, Mr. Lemasters has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him.

## **Item 4 Other Business Activities**

The purpose of Item 4 is to disclose any involvement Mr. Lemasters may have in any business activities other than his employment with Fayez Sarofim & Co. and its affiliates. Item 2 above lists all of Mr. Lemasters's material business experience and activity for the current year and the previous five years. Mr. Lemasters is currently employed only at Fayez Sarofim & Co.

## **Item 5 Additional Compensation**

The purpose of Item 5 is to disclose any financial arrangements with companies or individuals, other than Fayez Sarofim & Co., its affiliates and clients, which compensate Mr. Lemasters for providing advisory services. Mr. Lemasters is not compensated for

providing advisory services under any financial arrangements with companies or individuals who are not clients of the firm or its affiliates.

#### **Item 6        Supervision**

The purpose of Item 6 is to disclose how Mr. Lemasters is supervised by Fayez Sarofim & Co. in the performance of his duties as a portfolio manager and how the investment advice he provides to clients of Fayez Sarofim & Co. is monitored.

Fayez Sarofim & Co. has policies that require all employees, including Mr. Lemasters, to comply with its Compliance Policies and Procedures, which include Codes of Ethics and Business Conduct.

All portfolio managers employed by Fayez Sarofim & Co. are required to implement the decisions of the Investment Committee and are supervised by the Chief Compliance Officer, Mrs. Raye G. White. Mrs. White is the Executive Vice President of the firm and can be contacted at 713/654-4484 and [rgwhite@sarofim.com](mailto:rgwhite@sarofim.com).

# Daniel P. Connally

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

Mr. Connally was born in 1974.

Educational Background:

<u>Institution</u>	<u>Degree</u>	<u>Year Graduated</u>
University of Texas	M.B.A.	2006
Vanderbilt University	B.A. – Economics	1997

Business Experience (not including charitable, civic and similar activities):

<u>Company</u>	<u>Position</u>	<u>Time Period</u>
Fayez Sarofim & Co.	Principal	March 2010 – Present
	Associate	June 2006 – March 2010
	Financial Analyst	June 2002 –July 2004

## **Item 3      Disciplinary Information**

The purpose of Item 3 is to disclose any involvement Mr. Connally may have had over the last ten years in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him. Over the last ten years, Mr. Connally has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him.

## **Item 4      Other Business Activities**

The purpose of Item 4 is to disclose any involvement Mr. Connally may have in any business activities other than his employment with Fayez Sarofim & Co. and its affiliates. Item 2 above lists all of Mr. Connally's material business experience and activity for the current year and the previous five years. Mr. Connally is currently employed only at Fayez Sarofim & Co.

## **Item 5      Additional Compensation**

The purpose of Item 5 is to disclose any financial arrangements with companies or individuals, other than Fayez Sarofim & Co., its affiliates and clients, which compensate Mr. Connally for providing advisory services. Mr. Connally is not compensated for providing advisory services under any financial arrangements with companies or individuals who are not clients of the firm or its affiliates.

## **Item 6              Supervision**

The purpose of Item 6 is to disclose how Mr. Connally is supervised by Fayezi Sarofim & Co. in the performance of his duties as a principal and how the investment advice he provides to clients of Fayezi Sarofim & Co. is monitored.

Fayezi Sarofim & Co. has policies that require all employees, including Mr. Connally, to comply with its Compliance Policies and Procedures, which include Codes of Ethics and Business Conduct.

All portfolio managers employed by Fayezi Sarofim & Co. are required to implement the decisions of the Investment Committee and are supervised by the Chief Compliance Officer, Mrs. Raye G. White. Mrs. White is the Executive Vice President of the firm and can be contacted at 713/654-4484 and [rgwhite@sarofim.com](mailto:rgwhite@sarofim.com).

# Matthew M. Altenau

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

Mr. Altenau was born in 1977.

Educational Background:

<u>Institution</u>	<u>Degree</u>	<u>Year Graduated</u>
University of Texas	M.B.A.	2006
Vanderbilt University	B.A. – Economics	1999

Business Experience (not including charitable, civic and similar activities):

<u>Company</u>	<u>Position</u>	<u>Time Period</u>
Fayez Sarofim & Co.	Principal	March 2010 – Present
	Associate	July 2006 – March 2010
	Financial Analyst	January 2002 – July 2004

## **Item 3      Disciplinary Information**

The purpose of Item 3 is to disclose any involvement Mr. Altenau may have had over the last ten years in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him. Over the last ten years, Mr. Altenau has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him.

## **Item 4      Other Business Activities**

The purpose of Item 4 is to disclose any involvement Mr. Altenau may have in any business activities other than his employment with Fayez Sarofim & Co. and its affiliates. Item 2 above lists all of Mr. Altenau's material business experience and activity for the current year and the previous five years. Mr. Altenau is currently employed only at Fayez Sarofim & Co.

## **Item 5      Additional Compensation**

The purpose of Item 5 is to disclose any financial arrangements with companies or individuals, other than Fayez Sarofim & Co., its affiliates and clients, which compensate Mr. Altenau for providing advisory services. Mr. Altenau is not compensated for providing advisory services under any financial arrangements with companies or individuals who are not clients of the firm or its affiliates.

## **Item 6              Supervision**

The purpose of Item 6 is to disclose how Mr. Altenau is supervised by Fayezi Sarofim & Co. in the performance of his duties as a portfolio manager and how the investment advice he provides to clients of Fayezi Sarofim & Co. is monitored.

Fayezi Sarofim & Co. has policies that require all employees, including Mr. Altenau, to comply with its Compliance Policies and Procedures, which include Codes of Ethics and Business Conduct.

All portfolio managers employed by Fayezi Sarofim & Co. are required to implement the decisions of the Investment Committee and are supervised by the Chief Compliance Officer, Mrs. Raye G. White. Mrs. White is the Executive Vice President of the firm and can be contacted at 713/654-4484 and [rgwhite@sarofim.com](mailto:rgwhite@sarofim.com).

# Nicholas J. Zdeblick, CFA

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

Mr. Zdeblick was born in 1978.

Professional Designation: Chartered Financial Analyst (CFA)

Educational Background:

<u>Institution</u>	<u>Degree</u>	<u>Year Graduated</u>
Stanford University	M.B.A.	2006
Rice University	B.A. – Economics and Managerial Studies	2000

Business Experience (not including charitable, civic and similar activities):

<u>Company</u>	<u>Position</u>	<u>Time Period</u>
Fayez Sarofim & Co.	Principal	March 2010 – Present
	Associate	August 2006 – March 2010
	Financial Analyst	August 2002 – July 2004

## **Item 3      Disciplinary Information**

The purpose of Item 3 is to disclose any involvement Mr. Zdeblick may have had over the last ten years in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him. Over the last ten years, Mr. Zdeblick has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him.

## **Item 4      Other Business Activities**

The purpose of Item 4 is to disclose any involvement Mr. Zdeblick may have in any business activities other than his employment with Fayez Sarofim & Co. and its affiliates. Item 2 above lists all of Mr. Zdeblick's material business experience and activity for the current year and the previous five years. Mr. Zdeblick is currently employed only at Fayez Sarofim & Co.

## **Item 5      Additional Compensation**

The purpose of Item 5 is to disclose any financial arrangements with companies or individuals, other than Fayez Sarofim & Co., its affiliates and clients, which compensate Mr. Zdeblick for providing advisory services. Mr. Zdeblick is not compensated for

providing advisory services under any financial arrangements with companies or individuals who are not clients of the firm or its affiliates.

#### **Item 6        Supervision**

The purpose of Item 6 is to disclose how Mr. Zdeblick is supervised by Fayezi Sarofim & Co. in the performance of his duties as a principal and how the investment advice he provides to clients of Fayezi Sarofim & Co. is monitored.

Fayezi Sarofim & Co. has policies that require all employees, including Mr. Zdeblick, to comply with its Compliance Policies and Procedures, which include Codes of Ethics and Business Conduct.

All portfolio managers employed by Fayezi Sarofim & Co. are required to implement the decisions of the Investment Committee and are supervised by the Chief Compliance Officer, Mrs. Raye G. White. Mrs. White is the Executive Vice President of the firm and can be contacted at 713/654-4484 and [rgwhite@sarofim.com](mailto:rgwhite@sarofim.com).

# S. E. Cody Dick, CFA

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

Mr. Dick was born in 1978.

Professional Designation: Chartered Financial Analyst (CFA)

Educational Background:

<u>Institution</u>	<u>Degree</u>	<u>Year Graduated</u>
Texas Christian University	M.B.A.	2001
Texas Christian University	B.S. – Political Science, Cum Laude	2000

Business Experience (not including charitable, civic and similar activities):

<u>Company</u>	<u>Position</u>	<u>Time Period</u>
Fayez Sarofim & Co.	Principal	March 2010 – Present
	Associate	April 2007 – March 2010
	Financial Analyst	June 2004 – April 2007

## **Item 3      Disciplinary Information**

The purpose of Item 3 is to disclose any involvement Mr. Dick may have had over the last ten years in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him. Over the last ten years, Mr. Dick has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of him.

## **Item 4      Other Business Activities**

The purpose of Item 4 is to disclose any involvement Mr. Dick may have in any business activities other than his employment with Fayez Sarofim & Co. and its affiliates. Item 2 above lists all of Mr. Dick's material business experience and activity for the current year and the previous five years. Mr. Dick is currently employed only at Fayez Sarofim & Co.

## **Item 5      Additional Compensation**

The purpose of Item 5 is to disclose any financial arrangements with companies or individuals, other than Fayez Sarofim & Co., its affiliates and clients, which compensate Mr. Dick for providing advisory services. Mr. Dick is not compensated for providing

advisory services under any financial arrangements with companies or individuals who are not clients of the firm or its affiliates.

#### **Item 6        Supervision**

The purpose of Item 6 is to disclose how Mr. Dick is supervised by Fayezi Sarofim & Co. in the performance of his duties as a principal and how the investment advice he provides to clients of Fayezi Sarofim & Co. is monitored.

Fayezi Sarofim & Co. has policies that require all employees, including Mr. Dick, to comply with its Compliance Policies and Procedures, which include Codes of Ethics and Business Conduct.

All portfolio managers employed by Fayezi Sarofim & Co. are required to implement the decisions of the Investment Committee and are supervised by the Chief Compliance Officer, Mrs. Raye G. White. Mrs. White is the Executive Vice President of the firm and can be contacted at 713/654-4484 and [rgwhite@sarofim.com](mailto:rgwhite@sarofim.com).

# Victoria L. Fernandez

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

Mrs. Fernandez was born in 1973.

Educational Background:

<u>Institution</u>	<u>Degree</u>	<u>Year Graduated</u>
Rice University	B.A. – Biology	1994

Business Experience (not including charitable, civic and similar activities):

<u>Company</u>	<u>Position</u>	<u>Time Period</u>
Fayez Sarofim & Co.	Associate	March 2010 – Present
	Senior Fixed Income Trader	April 2004 – March 2010
	Fixed Income Trader	July 1994 – April 2004

## **Item 3      Disciplinary Information**

The purpose of Item 3 is to disclose any involvement Mrs. Fernandez may have had over the last ten years in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of her. Over the last ten years, Mrs. Fernandez has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of her.

## **Item 4      Other Business Activities**

The purpose of Item 4 is to disclose any involvement Mrs. Fernandez may have in any business activities other than her employment with Fayez Sarofim & Co. and its affiliates. Item 2 above lists all of Mrs. Fernandez's material business experience and activity for the current year and the previous five years. Mrs. Fernandez is currently employed only at Fayez Sarofim & Co.

## **Item 5      Additional Compensation**

The purpose of Item 5 is to disclose any financial arrangements with companies or individuals, other than Fayez Sarofim & Co., its affiliates and clients, which compensate Mrs. Fernandez for providing advisory services. Mrs. Fernandez is not compensated for providing advisory services under any financial arrangements with companies or individuals who are not clients of the firm or its affiliates.

## **Item 6              Supervision**

The purpose of Item 6 is to disclose how Mrs. Fernandez is supervised by Faye Sarofim & Co. in the performance of her duties as an associate and how the investment advice she provides to clients of Faye Sarofim & Co. is monitored.

Faye Sarofim & Co. has policies that require all employees, including Mrs. Fernandez, to comply with its Compliance Policies and Procedures, which include Codes of Ethics and Business Conduct.

All portfolio managers employed by Faye Sarofim & Co. are required to implement the decisions of the Investment Committee and are supervised by the Chief Compliance Officer, Mrs. Raye G. White. Mrs. White is the Executive Vice President of the firm and can be contacted at 713/654-4484 and [rgwhite@sarofim.com](mailto:rgwhite@sarofim.com).

## Professional Designations

### **Chartered Financial Analyst (CFA)**

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced 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. The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills.

### **Chartered Investment Counselor (CIC)**

The Chartered Investment Counselor (CIC) charter is a professional designation established in 1975 and awarded by the Investment Adviser Association (IAA). The Charter was designed to recognize the special qualifications of persons employed by IAA member firms whose primary duties involve investment counseling and portfolio management.

A key educational component of the program is the requirement that candidates hold the Chartered Financial Analyst (CFA) designation, administered by CFA Institute. In addition to successful completion of the CFA program, the CIC designation requires candidates to demonstrate significant experience (at least five cumulative years) in a position performing investment counseling and portfolio management responsibilities. At the time the charter is awarded, candidates must be employed by an IAA member firm in such a position, must provide work and character references, must endorse the IAA's Standards of Practice, and must provide professional ethical information.

Mr. Sarofim and Mrs. White were awarded the CIC charter before the prerequisite that candidates hold a CFA charter was established.

## NOTICE OF PRIVACY PRACTICES

**Fayez Sarofim & Co. and its Affiliates**

**Sarofim International Management Company**  
**Sarofim Trust Co.**  
**Sarofim Realty Advisors Co.**  
**Sarofim Advisors Group, Inc.**

**March 31, 2006**

*Fayez Sarofim & Co. (the “Company”) and its “affiliates” listed above (collectively, the “Sarofim Affiliates”) have always been committed to maintaining the strict confidentiality of personal information regarding their clients and their clients’ accounts. Each of the Sarofim Affiliates is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”). Thus, in addition to adherence to this long-standing policy, the Sarofim Affiliates are subject to rules governing privacy of consumer financial information adopted by the SEC (the “SEC Rules”). The SEC Rules, among other things, require that registered investment advisers, such as the Sarofim Affiliates, provide initial and annual privacy notices to their clients. This Notice is provided in satisfaction of such requirement.*

*The Sarofim Affiliates (sometimes referred to in this Notice as “we” or “us”) value our relationship with you and we recognize that an essential element of that relationship is your trust and confidence that the information you share with us will be treated as private and confidential to the extent permitted or required by law.*

Set forth below in “bullet” or summary form is a statement of practices we follow in the collection, disclosure and protection of information about you.

- ❖ **Your “nonpublic personal information”.** As part of our investment advisory and investment management business (and as part of the trust and custodial businesses of Sarofim Trust Co.), we obtain certain information about you, such information being defined in the SEC Rules as “nonpublic personal information”. We obtain “nonpublic personal information” about you from the following sources: (i) information we receive from you in meetings and conferences, on applications and other forms, in contracts or documents, and in correspondence, including electronic mail, and (ii) information about your transactions with us, our affiliates, including the Sarofim Affiliates or others.
- ❖ **Access to and protection and distribution of your nonpublic personal information.** We have adopted and comply with policies and procedures to safeguard your nonpublic personal information. Access to your nonpublic personal information (and the nonpublic personal information of any other client, past or present) is restricted by us to only those authorized individuals who need to know this information in order for us to provide services or products to you. However, we distribute certain information regarding your account to you or your authorized representative or representatives, from time to time by United States mail, postage prepaid, addressed to your address of record furnished to us by you or your authorized representative or representatives, such distributed information including letters advising about transactions effected for your account, periodic account statements showing holdings,

transactions and other data, and other investment information and analysis. We will distribute this information to an electronic mail address if you or your authorized representative or representatives authorize us to do so and you and your authorized representatives comply with our then current policies and procedures relating to such distribution. With respect to either method of dissemination, there are certain risks that your nonpublic personal information could be intercepted or accessed by unauthorized persons. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard and otherwise protect your nonpublic personal information.

- ❖ ***General disclosure policy.*** We may disclose your confidential information (or the confidential information of any other client, past or present) on a limited basis to certain nonaffiliated third parties, but only:
  - ◆ If such disclosure is necessary to process and service your account, including process and service transactions which you have requested or authorized and to report to you regarding transactions in and the performance of your account;
  - ◆ If such disclosure has been expressly consented to by you or your authorized representatives;
  - ◆ Where there is not a processing disclosure, if such disclosure is permitted by law (examples of these types of disclosures being disclosures (i) to protect the confidentiality or security of our records relating to you, our services or our transactions, (ii) to protect against or prevent actual or potential fraud, unauthorized transactions, claims or other liability, and (iii) in response to proper subpoenas or other legal process); or
  - ◆ If such disclosure (i) is to nonaffiliated third parties which perform services on our behalf and (ii) is the subject of a written agreement with such parties pursuant to which such parties have agreed to keep all information furnished to them confidential and secure except as permitted by law.

You do not need to take any action as a result of this Notice. This Notice is meant to confirm our confidentiality commitment to you as part of maintaining the essential element of trust in our relationship. We value our relationship with you and strive to earn your continued trust. If you have any question or concern, you may contact your account executive or Mrs. Raye G. White, Executive Vice President of Fayez Sarofim & Co.

## **PROXY VOTING POLICY**

### **FAYEZ SAROFIM & CO. AND AFFILIATES**

An investment adviser subject to the Investment Advisers Act of 1940 (the “Advisers Act”) acts as a fiduciary with respect to each of its clients. In so acting, the investment adviser owes two duties to each of its clients with respect to all services undertaken on the client’s behalf, including proxy voting: a duty of care and a duty of loyalty. As part of the duty of care, an investment adviser with proxy voting authority is required to monitor corporate events and to vote the proxies. As part of the duty of loyalty, the investment adviser is required to cast the proxy votes in a manner consistent with the best interests of the client, and the investment adviser must not subrogate a client’s interests to its own interests.

Fayez Sarofim & Co. and those of its affiliated companies which are investment advisers (individually, a “Sarofim Investment Adviser;” collectively, the “Sarofim Investment Advisers”) have adopted the policy (the “Proxy Voting Policy”) of voting all proxies relating to securities held in the accounts of each of their respective clients in accordance with their best judgment concerning the economic long-term best interests of the client owning the securities, except for proxies relating to securities that are held at the time the Sarofim Investment Adviser commences active management of the client’s account and are sold immediately after the Sarofim Investment Adviser commences such active management and with respect to which no other accounts actively managed by the Sarofim Investment Adviser already hold that security (such securities being referred to as “Zero Holder Securities”). The policy of the Sarofim Investment Advisers is not to vote Zero Holder Securities.

No officer, director, shareholder or employee of a Sarofim Investment Adviser is permitted to participate in the proxy voting process for a particular security held in a client account of a Sarofim Investment Adviser if that person (an “Interested Person”) is (i) an officer or director of the issuer of that security (the “Issuer”), (ii) a shareholder beneficially owning 5% or more of the outstanding securities of any class of the Issuer or (iii) otherwise interested in any way (other than beneficial ownership of less than 5% of the outstanding securities of any class of the Issuer) in the outcome of the vote to be held with respect to that security.

In deciding how to vote proxies, the Sarofim Investment Advisers rely, for the most part, on (i) the business judgment of the Issuer’s management and directors and (ii) the fiduciary responsibilities that the Issuer’s directors have with respect to the Issuer’s shareholders. However, whenever a Sarofim Investment Adviser determines, based upon the information available to it, that management’s recommendations do not appear to be in the best interests of the Issuer’s shareholders, management’s recommendations will not be followed in voting the proxies.

As part of the Proxy Voting Policy, each Sarofim Investment Adviser shall (i) retain copies of the Proxy Voting Policy and proxy voting procedures adopted from time to time, (ii) retain or cause to be retained copies of all proxy statements received regarding client securities, (iii) retain or cause to be retained records of votes cast on behalf of clients, (iv) retain records of all client requests for proxy voting information and (v) retain any documents, including those in

electronic format, prepared by the Sarofim Investment Adviser that were material to deciding how to vote, or that constituted the basis for the decision. The requirement to retain copies of proxy statements shall be satisfied, as permitted by Rule 204-2 under the Advisers Act, by obtaining a copy of the relevant proxy statement from the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system. A Sarofim Investment Adviser may satisfy the requirement of retaining records of votes cast on behalf of clients through the use of a third party to make and retain, on the relevant Sarofim Investment Adviser's behalf, a record of the votes cast, but only if the third party has agreed to provide a copy of the record promptly upon request to the Sarofim Investment Adviser.

The Sarofim Investment Advisers have determined that the Proxy Voting Policy, as well as information on how a Sarofim Investment Adviser has voted with respect to securities held by clients, should be made available to clients of the Sarofim Investment Advisers. A client will have access to the Proxy Voting Policy through one or more of the following sources: (i) mailings to clients by the Sarofim Investment Advisers, (ii) the SEC Form ADV, Part II prepared by each of the Sarofim Investment Advisers and (iii) responses to written requests submitted to Mrs. Raye G. White, Executive Vice President, Fayez Sarofim & Co., Two Houston Center, Suite 2907, 909 Fannin St., Houston, Texas 77010. Information related to a Sarofim Investment Adviser's vote with respect to securities held by clients may be obtained by a client's making a written request to Mrs. Raye G. White, Executive Vice President, Fayez Sarofim & Co. at the same address.

Each Sarofim Investment Adviser shall maintain and preserve all books and records required to be maintained and preserved by it in accordance with the Proxy Voting Policy and applicable law in an easily accessible place for a period of not less than five years from the end of the fiscal year during which the last entry was made on or in such books and records. During the first two years of such period, such books and records shall be located in an appropriate office of the relevant Sarofim Investment Adviser. This requirement with respect to maintenance and preservation of books and records will not apply in the case of proxy statements obtained through the EDGAR system and in the case of records of votes cast made and retained by a third party.

The Proxy Voting Policy may be changed from time to time in accordance with applicable law by action of the Board of Directors of the Sarofim Investment Adviser. It is possible that such change may result in that Sarofim Investment Adviser having a Proxy Voting Policy different from the other Sarofim Investment Advisers.

## **PROXY VOTING PROCEDURES** **FAYEZ SAROFIM & CO. AND AFFILIATES**

Fayez Sarofim & Co. and those of its affiliated companies which are investment advisers (individually, a “Sarofim Investment Adviser,” collectively, the “Sarofim Investment Advisers”) have entered into an agreement with Institutional Shareholder Services, Inc. (“ISS”) pursuant to which ISS provides the following in connection with the voting of proxies by the Sarofim Investment Advisers: (i) analyses of proposals, (ii) vote recommendations, (iii) vote execution services and (iv) record keeping services. ISS provides its analyses of proposals and vote recommendations pursuant to and in accordance with the proxy voting guidelines furnished to it by the Sarofim Investment Advisers.

The decision-making process with respect to the voting of proxies by a Sarofim Investment Adviser is based primarily on a review of the particular proxy statement by the analyst who is responsible for the research coverage of that Issuer. Such review is undertaken in accordance with the Proxy Voting Policy of Fayez Sarofim & Co. and Affiliates (the “Proxy Voting Policy”), and such review includes, but is not limited to, consideration of the ISS analyses and the ISS vote recommendations. Upon completion of the review, the analyst determines how the proxy vote should be cast. In the event that the analyst’s vote recommendation differs from the ISS vote recommendation, the analyst must provide a written explanation of why the analyst’s vote recommendation differs from the ISS vote recommendation. The written explanation of the vote recommendation difference must be reviewed and accepted by an investment member of the Sarofim Investment Adviser’s Proxy Committee. If such investment member of the Sarofim Investment Adviser’s Proxy Committee and the analyst agree on the vote recommended by the analyst, the analyst’s vote recommendation shall be final and binding. If such investment member and the analyst cannot reach agreement on the vote recommended by the analyst, the matter is then considered by the investment members of the Sarofim Investment Adviser’s Proxy Committee as a whole, and the decision of such group with respect to the vote becomes final and binding. Neither the analyst nor any member of the Sarofim Investment Adviser’s Proxy Committee involved in the consideration of the vote may be a person (an “Interested Person”) who is (i) an officer or director of the issuer of that security (the “Issuer”), (ii) a shareholder beneficially owning 5% or more of the outstanding securities of any class of the Issuer or (iii) otherwise interested in any way (other than beneficial ownership of less than 5% of the outstanding securities of any class of the Issuer) in the outcome of the vote to be held with respect to that security. If the analyst is an Interested Person, the Sarofim Investment Adviser’s Proxy Committee shall appoint another analyst who is not an Interested Person to conduct the review. If all investment members of the Sarofim Investment Adviser’s Proxy Committee are all Interested Persons, the Board of Directors of the Sarofim Investment Adviser shall appoint an individual who is not an Interested Person to participate in the required review of an analyst’s vote recommendation.

A Sarofim Investment Adviser will provide proxy voting reports to those clients who submit a written request for such information to Mrs. Raye G. White, Executive Vice President, Fayez Sarofim & Co., Two Houston Center, Suite 2907, 909 Fannin St., Houston, Texas 77010.

These Proxy Voting Procedures may be changed from time to time in accordance with applicable law by action of the Board of Directors of the Sarofim Investment Adviser desiring such change. It is possible that such change may result in that Sarofim Investment Adviser having Proxy Voting Procedures different from the other Sarofim Investment Advisers.

# **MBSC Securities Corporation (“MBSC”)**

200 Park Avenue New York, NY 10166

## **Form ADV Part 2A Firm Brochure (as of November 2, 2011)**

This brochure provides information about the qualifications and business practices of MBSC. If you have any questions about the contents of this brochure, please contact your Sponsor or us at 1-800-843-5466 and/or [www.dreyfus.com](http://www.dreyfus.com). 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 Separately Managed Accounts should also review the Wrap Fee Program Brochure which you should receive from your sponsor.***

**ITEM 2. Material Changes**

Item 9 has been updated in order to disclose recent civil and administrative complaints against The Bank of New York Mellon Corporation concerning its standing instruction foreign exchange services. (The most recent regular annual update of our brochure was dated March 31, 2011).

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

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## **Item 4. Advisory Business**

MBSC Securities Corporation (“MBSC”, “Firm”, “We”, “Our” or “Us”) is a corporation organized under the laws of the State of New York. The Firm is a subsidiary of The Dreyfus Corporation (“Dreyfus”), a wholly-owned subsidiary of The Bank of New York Mellon Corporation (“BNY Mellon”).

MBSC is registered as an investment adviser under the Investment Advisers Act of 1940 and as a broker-dealer under the Securities Exchange Act of 1934, and is a member of FINRA.

We were organized and have been providing investment advisory services since March 2001. Prior to 2007, the Firm was known as Dreyfus Service Corporation. We provide discretionary/non-discretionary investment advisory services to individual investors and other clients in the form of separate accounts and mutual fund wrap accounts.

MBSC acts as Investment Adviser, Sponsor, Account Manager or Administrator (or combination thereof) for separately managed accounts:

- For certain accounts, MBSC acts as non-discretionary Investment Manager and Sponsor.
- For certain accounts, MBSC acts as Account Manager and an affiliated or non-affiliated investment adviser acts as Sub-Investment Advisers, Investment Manager or Model Provider (“Portfolio Manager”). For certain of these accounts, MBSC acts as Sponsor and for others, non-affiliated broker/dealers act as Sponsor.
- For certain accounts, MBSC acts only as an Administrator and an affiliated or non-affiliated investment adviser acts as Investment Adviser.

### **Dreyfus Managed Asset Program™**

MBSC offers an investment program called the Dreyfus Managed Asset Program (“DMAP” or “Program”), to individuals and other clients (each a “Client”, or collectively, the “Clients”) that may include trusts, estates, charitable organization, individual retirement accounts, corporations, or other business entities.

The Program has five components:

- (1) a Mutual Fund Series (the “Mutual Fund Series”) that enables a Client to invest in a wide array of mutual funds from leading fund families (the “Funds”), including Funds that are managed and administered by Dreyfus and distributed by MBSC (“Dreyfus-affiliated Funds”);
- (2) the Dreyfus Fund Series that enables a Client to invest only in Dreyfus mutual funds. The Client has the option of choosing an actively managed mutual fund portfolio or a mutual fund portfolio comprised of index funds;
- (3) a Customized Investment Series (the “Customized Investment Series”) that enables a client to invest in one or more separately managed accounts from leading portfolio managers (the “Separate Accounts”);

- (4) the Dreyfus Municipal Bond Separate Account Series that enables a client to invest in separately managed accounts managed by Standish Mellon Asset Management Company, LLC, an affiliate of MBSC (“Dreyfus Municipal Bond Separate Accounts”);
- (5) the Combined Series that enables a client to invest in a combination of funds in the Mutual Fund Series, and one or more Separate Accounts in the Customized Investment Series and/or the Dreyfus Municipal Bond Separate Account Series.

***Separately Managed Accounts (Delegated Managers)***

For certain accounts, MBSC will engage a non-affiliated or affiliated investment manager (“Delegated Manager”) to perform certain investment management services. Those services include providing a model portfolio to MBSC which is applied to all accounts within that specific strategy.

***Clients of these accounts should also review the brochure of the firm acting as Portfolio Manager which will contain additional information on that firm’s investment advisory services.***

For these arrangements, MBSC may perform certain trading and administrative functions. Those functions may include:

- Investment guideline monitoring
- Proxy voting
- Trading directly with Sponsors and other broker/dealers
- Secondary suitability reviews
- Privacy mailings
- ADV updates
- SEC Form 13F reporting
- Maintaining performance composites

***Separately Managed Accounts (Administration)***

Pursuant to contractual arrangements with other parties, MBSC performs administrative functions for non-advised accounts where another manager acts as investment adviser.

***Other Accounts***

We do not manage any other accounts other than separately managed accounts described above.

***Assets under Management***

As of December 31, 2010, we managed \$1,190.5 million for clients of which \$324.8 million was on a non-discretionary basis.

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

*For more information on Fees and Compensation, please see the Wrap Fee Brochure applicable to the MBSC Program or the Wrap Fee Program Brochure you receive from your Sponsor.*

### **General Information Regarding Wrap Fee Programs**

In a “wrap fee” program, a program sponsor charges the client an all-inclusive (“wrap”) fee that covers various costs relating to the management of the client’s account. The wrap fee typically includes brokerage transaction charges, custodian fees, investment advisory fees, consulting fees relating to the preparation of a policy statement and consulting fees relating to the preparation of periodic reports. Typically, the client is introduced to the investment adviser by the client’s broker, who is employed by the program sponsor. In a wrap fee program, trade execution is generally conducted through the sponsoring firm. In some cases, however, trade execution may be done with a non-sponsoring firm, which may result in additional fees to the sponsoring firm’s clients. Depending on the amount of activity in an account, the fees for a wrap fee program may result in higher costs than a client otherwise may incur by paying the sponsor’s or adviser’s standard fees and negotiating separate arrangements for trade execution, custodial and consulting services. The client may wish to evaluate the arrangement to satisfy the client that the total fee for a program is appropriate.

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

Advisers are subject to certain fiduciary standards under federal law and owe clients an affirmative duty of utmost good faith to act solely in the best interests of the client and to make full and fair disclosure of all material facts, particularly where the adviser’s interests may conflict with the client’s best interest. In this section, we describe performance based fee arrangements and side-by-side management activities and the inherent conflicts in such arrangements.

We have not entered into performance based fee arrangements with other clients. However, our Delegated Managers may enter into performance based fee arrangements with their clients. For more detailed information on 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 manage separate accounts, managed accounts, pooled investment vehicles, for clients at the same time. Our clients have a variety of investment objectives, policies, strategies, limitations and restrictions. Our affiliates likewise manage a variety of separate accounts, managed accounts, and pooled investment vehicles.

Side-by-side management gives rise to a variety of potential and actual conflicts of interest for 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 Firm affiliates (“dual officers”). These dual officers undertake investment management duties for the affiliates of which they are officers. Please see Item 10 for more information on our dual officer

arrangements. When 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 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 of this brochure (and Item 12 of our Delegated Managers' Firm Brochure) 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 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 the Firm ("Proprietary Accounts"). Investment by the Firm, 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 Firm 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 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.

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

### **Types of Clients**

MBSC offers the DMAP Program to individuals and other clients (each a "Client", or collectively, the "Clients") that may include trusts, estates, charitable organizations, individual retirement accounts, corporations, partnerships or other business or governmental entities. The Program will not accept as a Client a retirement or other employee benefit plan that is subject to The Employee Retirement Income Security Act of 1974 ("ERISA"). The Program will accept Individual Retirement Accounts ("IRAs") as long as they are not subject to ERISA. *Please review the Wrap Fee Program Brochure from your Sponsor for more information on Types of Clients and Account Requirement of other separately managed accounts. Other sponsor programs may accept clients that are subject to ERISA.*

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

*Clients should review the brochure of the firm acting as Portfolio Manager which will contain additional information on that firm's methods of analysis, investment strategies and risk of loss.*

### **Risk of Loss**

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

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

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

**Risk Summary**

Risk Type	Mutual Funds *	Municipal Account Series	Delegated Manager Separate Accounts
General risks	X	X	X
Clearance and settlement risk	X	X	X
Credit risk	X	X	
Derivatives risk	X		
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	X
Leverage risk	X		
Liquidity risk	X	X	X
Market risk	X	X	X
Risk of warrants and rights	X		

\* Reflects risks of investments in underlying funds in the Mutual Fund Series or Dreyfus Fund Series.

**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.

***Additional Risks that may be applicable to investments in underlying mutual funds in Mutual Fund Series or Dreyfus Fund Series are available in each Fund's Prospectus or Statement of Additional Information which is available on [dreyfus.com](http://dreyfus.com) or by calling Dreyfus at 1-800-843-5466.***

***Additional Risks that may be applicable to investments in Municipal Bond Separate Accounts or accounts managed by Delegated Managers are available in the respective Firm Brochure which accompanies this brochure.***

## **Item 9. Disciplinary Information**

*Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of firm or the integrity of the firm's management in this item.*

In July 2001, MBSC (formerly known as Dreyfus Service Corporation) was named with approximately 75 other entities as defendants in a case filed in United States District Court for the Southern District of Mississippi - Jackson Division alleging that accounts in which Dreyfus Service Corporation acted as distributor for registered investment companies were used as a conduit in a scheme to defraud insurance companies through the misappropriation of assets through the various accounts. MBSC believes that the claims are without merit and that there are valid defenses to the claims asserted. MBSC is continuing to evaluate the case and plans to defend the risks vigorously.

MBSC Securities Corporation is not a defendant in any of the complaints or actions described in the following paragraph.

Several State Attorney General's Offices and certain individual plaintiffs have filed civil complaints against The Bank of New York Mellon Corporation ("BNY Mellon"), the parent company of MBSC Securities Corporation. Certain of these complaints supersede complaints that had been filed by a purported whistleblower under state false claims act statutes. In addition, the Massachusetts Securities Division has filed an administrative complaint against BNY Mellon. These actions allege that BNY Mellon improperly charged and reported prices for standing instruction foreign exchange ("FX") transactions executed in connection with custody services provided by BNY Mellon. BNY Mellon believes that the claims asserted in the actions are without merit, and reflect a fundamental misunderstanding of the role of custodian banks and the operation of institutional FX markets. BNY Mellon plans to defend itself vigorously on behalf of its shareholders.

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

MBSC is registered as an investment adviser under the Investment Advisers Act of 1940 and 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:**

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

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

BNY Mellon and/or its other affiliates may gather data from us about our investment activities, including information about holdings within client portfolios, which is required for regulatory filings to be made by us or BNY Mellon or other affiliates (e.g., reporting beneficial ownership of equity securities) or for other compliance, 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 Referral Incentive Compensation Plan***

BNY Mellon has adopted an incentive compensation program (“Compensation Program”) designed to reward internal referrals of business and opportunities, and:

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

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

***Affiliated Placement Agents***

Our Delegated Managers have affiliated “placement agents,” including MBSC and BNY Mellon Asset Management International Limited, who solicit persons to invest in their various private funds and separate account products and may also provide other administrative services. Certain of those private funds and our Delegated Managers have entered into agreements with these placement agents to pay them

commissions or fees for such solicitations and services. Our Delegated Managers are solely responsible for the payment of these commissions and fees - they will not be borne by the private funds and their investors. Our Delegated Managers pay these commissions and fees out of their 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.

Our sales and client service employees are registered representatives of MBSC, a registered broker-dealer under the Securities Exchange Act of 1934, as amended, and a member of FINRA. In their capacity as registered representatives of MBSC, these employees sell and provide services regarding funds managed by our affiliates.

**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 us, our affiliates or related private funds. Such services, if any, will be provided at competitive rates. BNY Mellon is also affiliated with service providers, distributors and consultants that may provide services and may receive fees from BNY Mellon in connection with such services, which may incentivize such persons to distribute interests in a private fund or other BNY Mellon products.

**Affiliated Custodian**

Our affiliate, Pershing, provides custodial services to certain of our clients in the DMAP Program. Clients in the DMAP Program do not pay additional fees for custodial services.

In addition, other clients may select other affiliates including BNY Mellon to provide custodial services. Those clients may pay additional fees to BNY Mellon or other affiliates for those services.

**Dual Officers and Employees**

Certain of our Delegated Managers' employees act as officers of 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 Firm 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 their capacities as Dreyfus employees, these Firm personnel provide investment advisory services to certain affiliated registered investment companies. For such services, they 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.

**Affiliated Broker-Dealers and Investment Advisers**

We are affiliated with a significant number of advisers and broker/dealers. Please see Form ADV, Part I - Schedule D, Section 7.A for a list of our affiliated advisers and broker-dealers. 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 its 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 of this brochure (and Item 12 of our Delegated Managers' Brochure) 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. 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.

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

MBSC is an indirect, wholly owned subsidiary of The Bank of New York Mellon Corporation. As one of the Bank of New York Mellon companies, MBSC may, from time to time, use the research staff, products, services and library of its affiliates and may consult with their portfolio managers. MBSC' affiliates are engaged in a broad range of financial services activities in the United States and abroad, and include banks, trust companies, broker-dealers, investment advisers, stock transfer agents, commodity pool operators and commodity trading advisers, municipal securities dealers and pension consultants, among other businesses. Certain of MBSC' affiliates serve as investment advisers of and provide other services to mutual funds and other investment companies, including the funds in the Dreyfus family of funds. Certain of these Dreyfus-affiliated Funds are used as Sweep Funds in the Program. MBSC' arrangements with these funds and their service providers are material to MBSC' 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' 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.

MBSC-affiliated portfolio managers are available to the Client through the Program and may be recommended to the Client by MBSC Representatives in connection with the implementation of the Asset Allocation Plan. MBSC or an affiliate will receive fees for the services they provide to the MBSC-affiliated Separate Accounts. MBSC or its affiliates also may provide services to and receive fees from third party portfolio managers that participate in the Program. Services provided by MBSC and its affiliates for the MBSC-affiliated Separate Accounts include investment advice, administration, distribution and transfer agency services. For example, MBSC uses only money market funds that are managed, administered or distributed by its affiliates as Sweep Funds. The compensation paid to MBSC or an affiliate for these services is described in general terms in the Sweep Fund's prospectus and statement of additional information.

The Sweep Fund used for the Program was specially created for the temporary investment purposes of Client Accounts and other accounts managed by MBSC' affiliates. If the Client's participation in the Program is terminated, but the Client still maintains a brokerage account with MBSC, the Sweep Fund offered through the Program may no longer be available to the Client or the shares held by the Client in a specially created series of the Sweep Fund may be converted into shares of another series of that Fund. The Client will bear his, her or its proportionate share of fees applicable to the other series, which may be higher than the fees that apply to the series available through the Program.

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' 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 the Client for purchase and sale. They also may give advice and take action in the performance of their duties for the Client that differ from advice given, or the timing and nature of action taken, with respect to other Clients or for themselves. Personal trading by MBSC employees must be conducted in compliance with all applicable laws and the Confidential Information and Securities Trading Policy that governs The Bank of New York Mellon Corporation and its subsidiaries (including MBSC).

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

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

MBSC may, from time to time, enter into solicitation agreements providing for cash compensation to

solicitors (including MBSC Representatives) who secure Clients for the Program. MBSC may from time to time enter into solicitation agreements under which it receives cash compensation for referring Clients to other investment advisers, including one or more of its affiliates, or arrangements with other investment advisers whereby MBSC agrees to provide certain services to clients of the investment adviser, in exchange for a portion of the investment advisory fee paid to the investment advisers by these clients. These arrangements will be conducted in accordance with the applicable rules under the Investment Advisers Act of 1940.

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

## **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 and Interpretive Guidance (the “BNY Mellon Code”); and
- 2) BNY Mellon Personal Securities Trading Policy (the “PSTP”).

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

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

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

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

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

PSTP Overview:

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

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

**Interest in Client Transactions:**

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

*Clients should also review the brochure of the firm acting as Portfolio Manager which will contain additional information on that firm's investment advisory services.*

“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 nor do we engage in cross transactions between accounts.

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.

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.

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 the 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 ourself. See Item 12 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 ourself.

## **Item 12. Brokerage Practices**

*The following describes the brokerage practices of MBSC. Clients should also review the brochure of the firm acting as Portfolio Manager which will contain additional information on that firm's brokerage practices.*

In a wrap fee program, trade execution is generally conducted through the sponsoring firm. In some cases, however, trade execution may be done with a non-sponsoring firm, which may result in additional fees to the sponsoring firm's clients.

### **Execution, Clearance, Administrative and Custodial Services for DMAP Program**

With respect to all programs except the Dreyfus Fund Series, all securities transactions shall be effected through clients' brokerage accounts opened with MBSC. MBSC shall introduce such brokerage accounts to Pershing LLC, a subsidiary of BNY Mellon. Pershing shall generally execute all purchase and sale orders directed to it by MBSC or Portfolio Manager and perform the clearance of same if used. A Portfolio Manager for the Customized Investment Series, Combined Series, and the Municipal Bond Separate Account Series may at their discretion select other brokers and dealers to effect and execute transactions for these Program Accounts. Pershing shall maintain custody of all Program Account assets and perform custodial functions, including crediting of interest and dividends on Program Account assets and crediting of principal on called or matured securities in the Program Account, as well as other custodial functions customarily performed with respect to securities Brokerage accounts. Pershing shall also forward confirmations of each purchase and sale to Client and Portfolio Manager. Additionally, Client Account statements will be forwarded by Pershing to Client, MBSC, and if requested by Portfolio Manager, to Portfolio Manager for each month in which activity occurs in the Program Account. Pershing also will act as general administrator of Program Accounts, and as such, pursuant to MBSC instructions, shall process charging and collection of Program Account fees, and process deposits to and withdrawals from Program Accounts.

With respect to the Dreyfus Fund Series, the Funds' Sub-Transfer Agent (DST) will execute all purchase and sale orders directed to it by MBSC. DST will perform clearance of such orders. DST will generally maintain custody of all Account assets and perform custodial functions among other things, which include the crediting of interest and dividends on Account assets. DST will also forward confirmation of each purchase and sale to the client. DST also acts as general administrator of each Account, which includes the charging and collection of Advisory Fees and the processing, pursuant to Dreyfus' instructions, of deposits to and withdrawals from Client Accounts.

### **Mutual Fund Transactions**

For client transactions in the Mutual Fund Series and Dreyfus Fund Series, purchases and sales of mutual fund shares are executed with the respective fund distributor at net asset value. There are no fees or brokerage commissions paid in connection with mutual fund transactions.

### **Municipal Bond Separate Account Series**

Execution of client transactions in the Municipal Bond Separate Account Series separately managed accounts are conducted by the Portfolio Manager. Please review Item 12 of the firm brochure of the firm acting as Portfolio Manager of this series.

**Separately Managed Accounts**

Execution of client transactions in separately managed accounts in which we are not the sponsor are generally conducted through the non-affiliated broker/dealer Sponsor. When client transactions are conducted through the non-affiliated broker/dealer Sponsor, we may not be in a position to ensure most favorable price and market for the execution of transactions directed to that Sponsor.

MBSC, at its discretion, may execute client transactions with a non-sponsoring firm when we determine that executing the trade away from the sponsoring firm is in the best interest of the Client.

**Other Brokerage Practices**

*The following describes our policies when we execute non-mutual fund client transactions with a broker-dealer other than the sponsoring firm:*

**Broker Selection:** We have the authority to direct securities transactions on behalf of our clients to broker-dealers we select. 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, a broker's trading expertise, reputation and integrity, facilities, financial services offered, willingness and ability to commit capital, access to under-written offerings and secondary markets, reliability both in executing trades and keeping records, fairness in resolving disputes, value provided, execution capability, financial responsibility and responsiveness to the Firm.

**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 Client. 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 which we selects for execution of client trades clears through one of our affiliates, or the financial arrangement between them.

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

**Trade Aggregation:** We will aggregate (block) 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 investment strategy/model on the same day) when we determine that it's in the best interest of all

clients. Each client participating in an aggregated (blocked) transaction within a trading day will do so at the same average price where possible.

**Trade Allocation:** Allocation of a block order is prepared prior to the execution of the block trade. If a block order is filled in its entirety, the order must be allocated in accordance with the intended allocation specified. We allocate block trades at the average price of the aggregated order. Generally, if a block order is partially filled, the order will be allocated among the accounts specified on the trade ticket on a pro rata basis in proportion to the intended allocation. However, if the order is only partially filled and a pro-rata allocation will result in clients receiving a deminimus allocation or an odd lot allocation, we may allocate based on another methodology.

**New Issue Allocation:** New issues are not permitted for purchase in separately managed accounts and therefore are not applicable to aggregation and allocation policies and procedures described in this section.

**Trade Errors:** Our policy is to correct trade errors we make when executing securities transactions that impact our client accounts to the extent the total trade error resulted in a loss of \$25 or more.

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

*Clients should review the Wrap Fee Program Brochure of the firm acting as Sponsor and the brochure of the firm acting as Portfolio Manager which will contain additional information on that firm's policies on Review of Accounts.*

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

**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 salespersons with an incentive to favor these sales over the sale of interests 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.

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

Our ultimate parent, BNY Mellon, has organized its lines of business into four groups: Asset Management, Asset Servicing, Payment Solutions & Investor Services and Private Wealth Management (collectively "Groups"). We are part of the Asset 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, Asset Management sales representatives are paid fees for sales. The fees may be based on revenues and may be a one-time payment or paid out over a number of years. In addition, our sales representatives and sales representatives of its affiliates within the Asset Management Group are paid for intra-Group referrals to their counterparts. Those fees are based on the first year's revenue for the new Group.

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 one of the three other Groups. The fees may be based on revenues and may provide for a one-time payment or payments over a number of years. We and our affiliates also participate in the BNY Mellon Incentive Compensation Plan, which presents certain conflicts of interest, all as described in Item 10, above.

## **Item 15. Custody**

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 the client funds and securities are held by a related person (“an affiliate”) in connection with advisory services provided by MBSC.

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”). We have engaged an independent accounting firm to comply with the Surprise Exam Requirement.

You will receive from your bank, broker-dealer or other qualified custodian an account statement, at least quarterly, 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 your Sponsor. You are strongly urged to compare the account statements you receive from us or your Sponsor with those that you receive from your qualified custodian.

*See Item 10 for more information on our Affiliations.*

## **Item 16. Investment Discretion**

For accounts where we have investment discretion, clients must grant this discretionary authority to us in writing via a contract. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives and guidelines for the particular client account.

Clients must deliver their investment guidelines and restrictions to us in writing, and we will adhere to such guidelines and restrictions when making investment decisions.

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

We participate in BNY Mellon's Proxy Policy Committee (the "Proxy Committee") and have adopted a Proxy Voting Policy, related procedures, and voting guidelines. These policies apply to those clients who have given us, through the investment advisory agreement, authority to vote proxies. In voting proxies, we will seek to act solely in the best interest of the client.

We will carefully review proposals that would limit shareholder control or could affect the value of a client's investment. We generally will oppose proposals designed to protect a company's management unnecessarily from the wishes of a majority of shareholders. However, we will generally support proposals designed to provide management with short-term protection from outside influences so as to allow management to achieve long-term goals. We will try to ensure that company's management reasonably responds to social issues, in particular where it is not likely to affect economic performance.

Conflicts of interest may arise between our interests and our clients' interests when voting client securities. A conflict of interest may exist, for example, if BNY Mellon or any of its affiliates has a business relationship with either the company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote. We seek to avoid material conflicts of interest through our participation in the Proxy Committee, which applies detailed, pre-determined proxy voting guidelines (the "Voting Guidelines") in an objective and consistent manner across client accounts, based on internal and external research and recommendations provided by a third party vendor, and without consideration of any client relationship factors. Further, we and our affiliates engage a third party as an independent fiduciary to vote all proxies for BNY Mellon securities and affiliated mutual fund securities. We do not permit clients to direct us on how to vote in a particular solicitation.

All proxy voting proposals are reviewed, categorized, analyzed and voted in accordance with the Voting Guidelines. These guidelines are reviewed periodically and updated as necessary to reflect new issues and any changes in our policies on specific issues. Items that can be categorized under the Voting Guidelines will be voted in accordance with any applicable guidelines. On the other hand, proposals that cannot be categorized under the Voting Guidelines will be referred to the Proxy Committee for discussion and vote. Additionally, the Proxy Committee may review any proposal where it has identified a particular company, industry or issue for special scrutiny. With regard to voting proxies of foreign companies, we may weigh the cost of voting, and potential inability to sell the securities (which may occur during the voting process) against the benefit of voting the proxies to determine whether or not to vote.

We will furnish a copy of our Proxy Voting Policy and our Voting Guidelines to each client upon request. Upon request, we will also disclose to a client the proxy voting history (if applicable) after the shareholder meeting has concluded. The proxy voting history will be supplied as reflected in the overall model portfolio and not on an individual client account level.

## **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.

**Additional Information**

Our Privacy Policy follows:

**FACTS****WHAT DOES MBSC DO WITH YOUR PERSONAL INFORMATION?**

<b>Why?</b>	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.  Please read this notice carefully to understand what we do.	
<b>What?</b>	The types of personal information we collect and share depend on the product or service you have with us. This information can include: <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> When you are no longer our customer, we continue to share information as described in this notice.	
<b>How?</b>	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 MBSC chooses to share; and whether you can limit this sharing.	
<b>Reasons we can share your personal information</b>		
For our everyday business purposes—such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus.	Does MBSC share? Yes	Can you limit this sharing? No
For our marketing purposes—to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes—information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes—information about your creditworthiness	No	We don't share
For our affiliates to market to you	No	We don't share
For nonaffiliates to market to you	No	We don't share

**Questions?** Call 1-888-871-0391

# MBSC Securities Corporation

## Form ADV Part 2A

### Firm Brochure

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#### Who we are

Who is providing this notice?

This notice is provided by the MBSC Investments Division of MBSC Securities Corporation. MBSC is a wholly owned subsidiary of The Dreyfus Corporation.

#### What we do

How does MBSC 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. We maintain physical, electronic and procedural safeguards to guard our customers' nonpublic personal information. Employees who violate our data security policies are subject to disciplinary action.
How does MBSC collect my personal information?	We collect your personal information, for example, when you <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> We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only <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> State laws and individual companies may give you additional rights to limit sharing.

#### 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 "MBSC", and other financial companies such as The Boston Company Asset Management LLC, Boston Safe Deposit Finance Co., Inc., EACM Advisors LLC, G-Trade Services LLC, Lockwood Advisors, Inc., Lockwood Capital Management, Inc., Newton Capital Management Limited, Pershing LLC, Urdang Securities Management, Inc. and Walter Scott &amp; Partners Limited.</li></ul>
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>▪ MBSC 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>▪ MBSC does not jointly market.</li></ul>