

March 14, 2023

We are providing this information in light of recent market volatility sparked by news related to Silicon Valley Bank (SVB). We know that situations like this can be unsettling and raise questions about the safety and security of your investments. We want you to know that we take your trust in us very seriously and are dedicated to keeping your assets safe and secure. That being said, we'd like to take a moment to explain why you can trust us, and those we choose to partner with, to protect your assets and feel confident about your investments.

### **Our Custodial Partners Are Leading Global Institutions**

Most importantly, we want to emphasize that we take the fact that you have entrusted with your assets as a responsibility that we take very seriously. As such, we only work with financial institutions that have stringent measures in place to protect your accounts and assets.

As your trusted Advisor, we chose to partner with Pershing because of their well-established reputation and long history of managing assets and serving clients according to the highest possible ethical and professional standards. Attached is a supplemental document from Pershing outlining how they safeguard your assets.

Because your assets are held in custody with a leading global financial institution – as opposed to a smaller and less well-established bank – there is a significant additional layer of security and protection for your assets. Pershing not only has a fiduciary responsibility to safeguard your assets and ensure they are always accounted for and available to you, they also must segregate your assets from their own funds and operations, to keep them separate and secure.

### **SIPC Coverage and Supplemental Coverage**

In addition to the protections provided by our custodial partners, we want to highlight that all our partners are members of the Securities Investor Protection Corporation (SIPC). SIPC is a non-profit organization created by Congress in 1970 to protect investors in case a brokerage firm fails. If your brokerage firm were to fail, SIPC provides insurance coverage to protect your investment assets held with the broker-dealer, up to \$500,000 per customer, including up to \$250,000 in cash held in a brokerage account.

Furthermore, major custodians like Schwab, Pershing, and Fidelity offer additional insurance coverage above and beyond the coverage provided by SIPC.

*For example, Pershing offers excess SIPC insurance coverage through Lloyd's of London, which provides additional protection in the event of a broker-dealer failure. This excess insurance coverage provides additional protection for client assets up to a total of \$1 billion, with coverage of up to \$1.9 million for cash.*

We are here to serve you and address any concerns you might have. If you have any questions, please do not hesitate to reach out to us. We are always here to discuss your account and provide you with any information you need.

Thanks for trusting us with your financial future.

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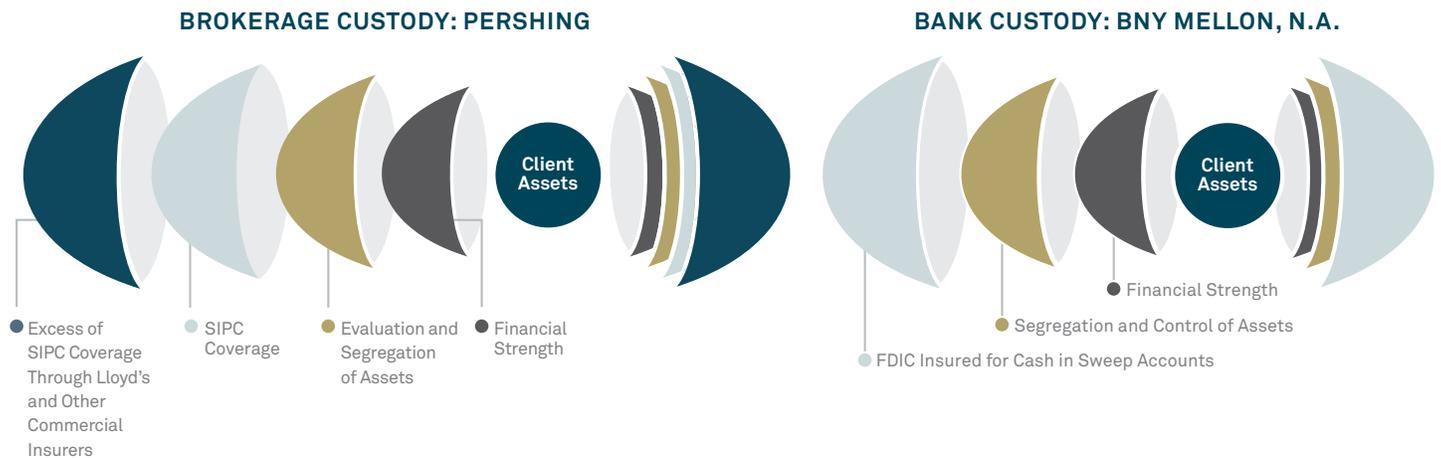
4TH QUARTER 2022

# Understanding the Protection of Client Assets

## BNY MELLON'S PERSHING: STRENGTH, STABILITY AND FOCUS

Pershing works behind the scenes on behalf of your wealth manager or financial firm to provide a variety of services and custody your assets. Pershing has been a leading global provider of financial business solutions for almost 85 years, so you can feel confident that your assets are in strong hands. Pershing is the trusted choice of approximately 1,300 firms, representing more than 7.5 million investors and is committed to the protection, servicing and reporting of assets for investors like you.

### The Protection of Client Assets Remains at the Center of Our Focus



### FINANCIAL STRENGTH—DECEMBER 31, 2022

#### BNY MELLON'S PERSHING

- Over \$2.0 trillion in global client assets
- Net capital of over \$2.0 billion—well above the minimum requirement

#### THE BANK OF NEW YORK MELLON CORPORATION

- \$44.3 trillion in assets under custody and/or administration
- \$1.8 trillion in assets under management

# Segregation and Control of Assets

## **BROKERAGE CUSTODY: PERSHING**

Pershing's core financial strength provides the first measure of protection for our global client assets. Our parent company, BNY Mellon, is one of the world's largest global custodians. While financial strength does not protect against loss due to market fluctuation, our internal controls and regulatory oversight help maintain our stability and focus.

Pershing protects client assets through rigorous internal control measures. An annual audit by a major independent audit firm and the audit team at our parent company, BNY Mellon, helps to monitor controls that are in place. In addition, a Service Organization Control report conducted by an independent audit firm provides additional evaluation of the design and operating effectiveness of Pershing's internal controls.

Clients' fully paid-for physical assets are segregated from our own, with quarterly vault inspections conducted. In addition, we segregate cash and/or qualifying securities in special reserve bank accounts for the exclusive benefit of clients, to protect clients' funds in the unlikely event of Pershing's failure and liquidation.

Pershing is a FINRA member broker-dealer registered with the U.S. Securities and Exchange Commission (SEC). Pershing is registered in all 50 states as well as the District of Columbia and Commonwealth of Puerto Rico, and certain foreign jurisdictions.

## **BANK CUSTODY: BNY MELLON, N.A.**

BNY Mellon, N.A.'s structure requires clients' securities be segregated from the securities of the bank, and from those of other clients. The securities in a client's account with BNY Mellon, N.A. are the property of that client and are held in nominee name. As clients' assets and accounts are separately accounted for, creditors of The Bank of New York Mellon Corporation and those of BNY Mellon, N.A., and their subsidiaries do not have any rights to the securities in client accounts. Shares of money market mutual funds, as investment securities, also fall within this rule. Any asset, of course, is subject to losses or gains from an investment perspective.

There are also established regulatory controls that cover our institution. As a publicly traded company, The Bank of New York Mellon Corporation periodically files publicly available reports with the SEC. In addition, as a financial holding company, it is regulated by the Board of Governors of the Federal Reserve System. BNY Mellon, N.A. is regulated by the Office of the Comptroller of the Currency, which is part of the U.S. Department of the Treasury.

## **Additional Protection**

### **BROKERAGE CUSTODY**

#### **Securities Investor Protection Corporation® (SIPC®) Coverage**

Pershing is a member of SIPC. Securities in your account protected up to \$500,000. For details, please see [www.sipc.org](http://www.sipc.org).

#### **Excess of SIPC Coverage Through Underwriters at Lloyd's and Other Commercial Insurers**

In addition to SIPC protection, Pershing provides coverage in excess of SIPC limits from certain underwriters in Lloyd's insurance market and other commercial insurers. The excess of SIPC coverage is valid through February 10, 2024 for Pershing LLC accounts. It provides the following protection for Pershing LLC's global client assets:

- An aggregate loss limit of \$1 billion for eligible securities—over all client accounts
- A per-client loss limit of \$1.9 million for cash awaiting reinvestment—within the aggregate loss limit of \$1 billion

SIPC and the excess of SIPC coverage do not protect against loss due to market fluctuation.

An excess of SIPC claim would only arise if Pershing failed financially and client assets for covered accounts—as defined by SIPC—cannot be located due to theft, misplacement, destruction, burglary, robbery, embezzlement, abstraction, failure to obtain or maintain possession or control of client securities, or to maintain the special reserve bank account required by applicable rules.

### **BANK CUSTODY**

#### **Federal Deposit Insurance Corporation (FDIC) Protection**

BNY Mellon, N.A. clients holding bank cash deposits—which include a sweep account for bank custody products—receive separate protection.

The FDIC standard maximum insurance amount is \$250,000 per depositor, per insured bank, in each account ownership category. The FDIC rules are very specific. For a complete explanation of the FDIC's regulations, we encourage our clients to visit [fdic.gov](http://fdic.gov).

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