

BARRETT OPPORTUNITY FUND, INC.

BARRETT OPPORTUNITY FUND, INC.
A No-Load Mutual Fund
(SAOPX)
P.O. Box 701, Milwaukee, WI 53201-0701

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STATEMENT OF ADDITIONAL INFORMATION

Barrett Opportunity Fund, Inc. (the “Fund”) is an open-end, no-load, non-diversified management investment company. The Fund seeks to achieve above average long-term capital appreciation. Current income is a secondary objective. There can be no assurance that the Fund will achieve its investment objectives.

This Statement of Additional Information (the “SAI”) provides general information about the Fund. This SAI is not a prospectus and should be read in conjunction with the Fund’s current Prospectus dated December 29, 2018 (the “Prospectus”), as supplemented and amended from time to time which is incorporated herein by reference. The Fund’s audited financial statements for the fiscal year ended August 31, 2018 are incorporated herein by reference from the Fund’s 2018 Annual Report to Shareholders. To obtain a free copy of the Prospectus and/or the Fund’s 2018 Annual Report to Shareholders, please write or call the Fund at the address or telephone number above, or visit the Fund’s website at www.barrettasset.com/funds/opportunity/overview.html.

December 29, 2018

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THE FUND

Barrett Opportunity Fund, Inc. (the “Fund”) is an open-end, non-diversified investment company incorporated in Maryland on October 13, 1978.

INVESTMENT POLICIES, STRATEGIES AND ASSOCIATED RISKS

The following information supplements the discussion of the investment policies of the Fund found under “Investment Objectives,” “Principal Investment Strategies,” “Principal Risks,” “Performance” and “More on the Fund’s Investment Strategies, Investment and Risks” in the Prospectus.

The Fund intends to invest primarily in common stocks, or securities convertible into or exchangeable for common stocks, such as convertible preferred stocks or convertible debentures. When management deems it appropriate, the Fund may also invest without limitation in fixed-income securities or hold assets in cash or cash equivalents, such as U.S. Government obligations, investment grade debt securities and other money market instruments, for temporary defensive purposes due to economic or market conditions. Investment grade debt securities are debt securities rated BBB or better by S&P Global Ratings (“S&P”) or Baa or better by Moody’s Investors Service, Inc. (“Moody’s”), or if unrated, securities deemed by Barrett Asset Management, LLC (“Barrett Asset Management” or the “Adviser”), the Fund’s investment adviser, to be of comparable quality. Debt securities rated BBB by S&P are regarded by S&P as having an adequate capacity to pay interest and repay principal, while debt securities rated Baa by Moody’s are regarded by Moody’s as medium grade obligations and as having speculative characteristics. Investments in such fixed-income securities may also be made for the purpose of capital appreciation, as in the case of purchases of bonds trading at a substantial discount.

Securities Lending

Consistent with applicable regulatory requirements, the Fund may lend portfolio securities to brokers, dealers and other financial organizations meeting capital and other credit requirements or other criteria established by the Board of Directors of the Fund (the “Board”). The Fund will not lend portfolio securities to affiliates of the Adviser unless it has applied for and received specific authority to do so from the SEC. From time to time, the Fund may pay to the borrower and/or a third party which is unaffiliated with the Fund or the Adviser and is acting as a “finder” a part of the interest earned from the investment of collateral received for securities loaned. Although the borrower will generally be required to make payments to the Fund in lieu of any dividends the Fund would have otherwise received had it not loaned the shares to the borrower, such payments will not be treated as “qualified dividend income” for purposes of determining what portion of the Fund’s regular dividends received by individuals may be taxed at the rates generally applicable to long-term capital gains.

Requirements of the SEC, which may be subject to future modification, currently provide that the following conditions must be met whenever the Fund lends its portfolio securities: (a) the Fund must receive at least 100% cash collateral or equivalent securities from the borrower; (b) the borrower must increase such collateral whenever the market value of the securities rises above the level of such collateral; (c) the Fund must be able to terminate the loan at any time; (d) the Fund must receive reasonable interest on the loan, as well as any dividends, interest or other distributions on the loaned securities, and any increase in market value; (e) the Fund may pay only reasonable custodian fees in connection with the loan; and (f) voting rights on the loaned securities may pass to the borrower. However, if a material event adversely affecting the investment in the loaned securities occurs, the Fund must terminate the loan and regain the right to vote the securities.

The risks in lending portfolio securities, as with other extensions of secured credit, consist of possible delay in receiving additional collateral or in the recovery of the securities or possible loss of rights in the collateral should the borrower fail financially. The Fund could also lose money if it’s short-term investment of the cash collateral declines in value over the period of the loan. Loans will be made to firms deemed by the Adviser to be of good standing and will not be made unless, in the judgment of the Adviser, the consideration to be earned from such loans would justify the risk.

Put and Call Options

The Fund may purchase and write put and call options on securities and securities indices, provided such options are traded on a national securities exchange and provided further that the value of options held and the value of positions underlying options written do not exceed 10% of the Fund’s total assets. A put option gives the holder the right to sell to the writer, and a call option gives the holder the right to buy from the writer, the number of shares of the underlying security covered by the option at a stated exercise price on or before a stated expiration date. Puts and calls with respect to a limited number of securities currently may be purchased or written through the facilities of certain national securities exchanges. In addition, each of such exchanges provides a secondary market for “closing” options positions. It will be the policy of the Fund to write call options only if the Fund either: (i) owns and will hold

over the term of the option the underlying securities against which the option is written (or securities convertible into the underlying securities without additional consideration); or (ii) owns or will hold a call on the same underlying security or securities. When a put option is written by the Fund, the Fund will create and maintain a segregated account consisting of liquid assets equal to the option price.

The primary risk to the Fund as the writer of a covered call option is that, unless a closing transaction is executed, the Fund must retain its underlying cover position even if price movement would otherwise have caused the Fund to dispose of that position and must forgo opportunities for gain in excess of the option premium that may result from favorable changes in the value of the underlying cover position.

The primary risk to the Fund as the writer of a put option is that, unless a closing transaction is executed, the Fund may be required to purchase the underlying security or securities at a price above the market price at the time of such purchase. When a put option is collateralized through the maintenance of a segregated account, the contents of such account are not available to the Fund for the general pursuit of the Fund's investment objectives. The Fund will write put options only when it is believed that the acquisition of the underlying security or securities would be in accordance with the Fund's investment objectives.

The Fund may enter into closing purchase transactions in the secondary markets in options maintained by the various exchanges. In such a transaction, the Fund would buy an option similar to the one it had previously written. The resulting transaction would have the effect of canceling the Fund's preexisting obligation on the option written by it. The Fund has no assurance, however, that a liquid secondary market will exist on any given day with respect to options on a particular security. Therefore, there is no assurance that the Fund will be able to enter into a closing transaction at any particular time, which could lead to a loss by the Fund if it is unable to offset a certain position when it would be favorable to do so.

In executing any closing purchase transaction, the Fund will incur the expense of the premium (plus transaction costs) in order to effect the transaction.

The Fund may purchase put or call options to hedge against the economic impact of adverse changes in the market value of its securities due to changes in stock market prices or fluctuations in exchange rates, as a substitute for buying or selling securities, to enhance the Fund's return or as a cash flow management technique.

The primary risk in purchasing (as opposed to writing) an option is the potential loss of investment (*i.e.*, the premium for the option) in a relatively short period of time if the underlying securities increase, in the case of a put, or decrease, in the case of a call, in value. In such instances, the option would not be exercised by the Fund and would become worthless at its expiration date. If a secondary market for the option exists, the Fund may utilize closing sale transactions analogous to the closing purchase transactions described above with respect to the writing of options.

Investments in Foreign Securities

Investments in securities of foreign issuers may involve risks not typically associated with investments in securities of U.S. issuers. The value of any foreign securities held, and of any related income received, will be affected by fluctuations in currency rates, exchange control regulations and, as with domestic multinational corporations, fluctuating interest rates. Most foreign securities markets have substantially less trading volume and are generally not as highly regulated and supervised as U.S. securities markets. Securities of some foreign companies are less liquid and more volatile than securities of comparable U.S. companies and are subject to different accounting, auditing, legal and financial reporting standards. In addition, there may be less publicly-available information about a foreign issuer than about a U.S. issuer. Political and economic conditions such as (but not limited to) seizure or nationalization of assets, establishment of exchange controls, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic developments could adversely affect the economy of a particular country and, thus, the Fund's investments in that country. In the event of default on a foreign security, it may be more difficult for the Fund to obtain or enforce a judgment against the issuer of such obligation or it may not be able to enforce the obligation all. Additionally, certain amounts of the Fund's income may be subject to withholding taxes in the country in which it invests. The Fund may not invest more than 5% of its net assets in securities of foreign issuers that are not publicly traded in the United States. Dividend income the Fund receives from foreign securities may not be eligible for the special tax treatment applicable to qualified dividend income.

High Yield, Lower Quality Securities

The Fund may invest up to 5% of its net assets in debt securities rated below investment grade by Moody's or S&P, with no minimum rating required, and comparable unrated securities. Such securities are generally referred to as "high-yield" or "junk" bonds and involve a high degree of risk. An economic recession could disrupt the market for such securities and adversely affect their value and the ability of issuers to repay principal and pay interest thereon.

While the market values of high-yield securities may tend to react less to fluctuations in interest rate levels than the market values of higher-rated securities, the market values of certain of these securities also tend to be more sensitive to individual corporation developments and changes in economic conditions and, thus, will fluctuate over time. In addition, high-yield securities generally present a higher degree of credit risk, which is the risk that the issuer may default on its obligation. Issuers of these securities are often highly leveraged and may not have more traditional methods of financing available to them so that their ability to service their debt obligations during an economic downturn or during sustained periods of rising interest rates may be impaired. The risk of loss due to default by such issuers is significantly greater because high-yield securities generally are unsecured and frequently are subordinated to the prior payment of senior indebtedness. The Fund may also incur additional expenses to the extent that it is required to seek recovery upon a default in the payment of principal or interest on its portfolio holdings. The existence of limited markets for these securities may diminish the Fund's ability to obtain accurate market quotations for purposes of valuing such securities and calculating its net asset value as well as impair the Fund's ability to dispose of such securities.

The ratings of Moody's and S&P generally represent the opinions of those organizations as to the quality of the securities that they rate. Such ratings, however, are relative and subjective, are not absolute standards of quality, are subject to change and do not evaluate the market risk of the securities. Although the Adviser uses these ratings as a criterion for the selection of securities for the Fund, the Adviser also relies on its independent analysis to evaluate potential investments for the Fund.

Restricted Securities

The Fund may purchase securities for which there is a limited trading market or which are subject to restrictions on resale to the public. To the extent that the Fund's portfolio may include securities of limited marketability, the price obtainable for such securities could be affected adversely if the Fund were forced to sell under inexpedient circumstances, *e.g.*, to satisfy sizable redemptions. Furthermore, where the Fund has a substantial position in securities with limited trading markets, the activities of the Fund itself, as well as those of other investors, could have an adverse effect upon the liquidity and marketability of such securities and the Fund might not be able to dispose of its holdings in a timely manner or at then current market prices. "Limited marketability" may exist if the Fund has a substantial position in securities that trade in a limited market, or if the securities are "restricted," and are therefore not readily marketable without registration under the Securities Act of 1933, as amended. Investments in securities which are "restricted" may involve added expenses to the Fund should the Fund be required to bear registration costs with respect to such securities and could involve delays in disposing of such securities, which might have an adverse effect upon the price and timing of sales of such securities and the ability of the Fund to meet redemption requests. Restricted securities and securities for which there is a limited trading market may be significantly more difficult to value due to the unavailability of reliable market quotations for such securities, and investment in such securities may have an adverse impact on net asset value. The Fund will not invest more than 15% of the value of its net assets in illiquid securities, such as "restricted securities" and securities that are not readily marketable, or other illiquid assets.

Repurchase Agreements

The Fund may enter into repurchase agreements for cash management purposes and, in the Adviser's discretion, as a temporary and/or defensive strategy. A repurchase agreement is a transaction in which the seller of a security commits itself at the time of the sale to repurchase that security from the Fund, as the buyer, at a mutually agreed upon time and price. The repurchase agreement thereby determines the yield during the purchaser's holding period, while the seller's obligation to repurchase is secured by the value of the underlying security. The Fund's custodian will have custody of, and will hold in a segregated account, securities acquired by the Fund under a repurchase agreement. Repurchase agreements are considered by the staff of the Securities and Exchange Commission (the "SEC") to be loans by the Fund. Repurchase agreements could involve risks in the event of a default by or the insolvency of the other party to the agreement, including possible delays or restrictions upon the Fund's ability to dispose of the underlying securities.

The Fund will enter into repurchase agreements only with dealers, banks or recognized financial institutions which, in the opinion of the Adviser, are deemed creditworthy. The Adviser will monitor the value of the securities underlying the repurchase agreement at the time the transaction is entered into and at all times during the term of the repurchase agreement to ensure that the value of the securities always equals or exceeds the repurchase price. The Fund requires that additional securities be deposited if the value of the securities purchased decreases below their resale price and bears the risk of a decline in the value of the underlying security if the seller defaults under the repurchase obligation. In the event of default by the seller under the repurchase agreement, the Fund could experience losses and experience delays in connection with the disposition of the underlying securities. To the extent that, in the meantime, the value of the securities that the Fund has purchased has decreased, the Fund could experience a loss. Repurchase agreements with maturities of more than seven (7) days will be treated as illiquid securities by the Fund.

Reverse Repurchase Agreements

The Fund may enter into reverse repurchase agreements, which involve the sale of Fund securities with an agreement to repurchase the securities at an agreed-upon price, date and interest payment and have the characteristics of borrowings. Since the proceeds of borrowings under reverse repurchase agreements are invested, this would introduce the speculative factor known as “leverage.” The securities purchased with the funds obtained from the agreement and securities collateralizing the agreement will have maturity dates no later than the repayment date. Generally, the effect of such a transaction is that the Fund can recover all or most of the cash invested in the portfolio securities involved during the term of the reverse repurchase agreement, while in many cases it will be able to keep some of the interest income associated with those securities. Such transactions are advantageous only if the Fund has an opportunity to earn a greater rate of interest on the cash derived from the transaction than the interest cost of obtaining that cash. Opportunities to realize earnings from the use of the proceeds equal to or greater than the interest required to be paid may not always be available, and the Fund intends to use the reverse repurchase technique only when the Adviser believes it will be advantageous to the Fund. The use of reverse repurchase agreements may exaggerate any interim increase or decrease in the value of the Fund’s assets. The Fund’s custodian bank will maintain a separate account for the Fund with securities having a value equal to or greater than such commitment of the Fund.

Portfolio Turnover

Flexibility of investment and emphasis on capital appreciation may involve a greater portfolio turnover rate than that of investment companies whose objective, for example, is production of income or maintenance of a balanced investment position. The rate of portfolio turnover cannot be predicted with assurance and may vary from year to year. See the table under “Financial Highlights” in the Prospectus for the Fund’s portfolio turnover rates for prior years. Because the Adviser no longer pursues a strategy of retaining unrealized long-term capital gain and avoiding the tax impact of realizing such gain, the Fund’s portfolio turnover rate may increase moderately in the future.

Following are the portfolio turnover rates for the fiscal years indicated below:

Portfolio Turnover	
During Fiscal Year Ended August 31,	
<u>2018</u>	<u>2017</u>
4%	1%

INVESTMENT RESTRICTIONS AND LIMITATIONS

Unless otherwise indicated, the investment restrictions described below are fundamental investment policies that may be changed only when permitted by law, if applicable, and approved by the holders of a majority of the Fund’s outstanding voting securities, which, as defined by the Investment Company Act of 1940, as amended (the “1940 Act”), means the lesser of: (i) 67% of the voting securities represented at a meeting at which more than 50% of the outstanding voting securities are represented, or (ii) more than 50% of the outstanding voting securities of the Fund.

The percentage limitations contained in the investment restrictions described above and the description of the Fund’s investment policies are all applied solely at the time of any proposed transaction on the basis of values or amounts determined at that time. If a percentage restriction on investment or utilization of assets in a policy or restriction is adhered to at the time an investment is made, a later change in percentage ownership of a security or kind of security resulting from changing market values or a similar type of event will not be considered a violation of such policy or restriction.

1. The Fund may not borrow money except as permitted by (i) the 1940 Act or interpretations or modifications by the SEC, SEC staff or other authority with appropriate jurisdiction, or (ii) exemptive or other relief or permission from the SEC, SEC staff or other authority.
2. The Fund may not engage in the business of underwriting the securities of other issuers except as permitted by (i) the 1940 Act or interpretations or modifications by the SEC, SEC staff or other authority with appropriate jurisdiction, or (ii) exemptive or other relief or permission from the SEC, SEC staff or other authority.
3. The Fund may lend money or other assets to the extent permitted by (i) the 1940 Act or interpretations or modifications by the SEC, SEC staff or other authority with appropriate jurisdiction, or (ii) exemptive or other relief or permission from the SEC, SEC staff or other authority.

4. The Fund may not issue senior securities except as permitted by (i) the 1940 Act or interpretations or modifications by the SEC, SEC staff or other authority with appropriate jurisdiction, or (ii) exemptive or other relief or permission from the SEC, SEC staff or other authority.
5. The Fund may not purchase or sell real estate except as permitted by (i) the 1940 Act or interpretations or modifications by the SEC, SEC staff or other authority with appropriate jurisdiction, or (ii) exemptive or other relief or permission from the SEC, SEC staff or other authority.
6. The Fund may purchase or sell commodities or contracts related to commodities to the extent permitted by (i) the 1940 Act or interpretations or modifications by the SEC, SEC staff or other authority with appropriate jurisdiction, or (ii) exemptive or other relief or permission from the SEC, SEC staff or other authority.
7. Except as permitted by exemptive or other relief or permission from the SEC, SEC staff or other authority with appropriate jurisdiction, the Fund may not make any investment if, as a result, the Fund's investments will be concentrated in any one industry.

With respect to the fundamental policy relating to borrowing money set forth in (1) above, the 1940 Act permits a fund to borrow money in amounts of up to one-third of the Fund's total assets from banks for any purpose, and to borrow up to 5% of the Fund's total assets from banks or other lenders for temporary purposes. The Fund is authorized to borrow, and to pledge assets to secure such borrowings, up to the maximum extent permissible under the 1940 Act. To limit the risks attendant to borrowing, the 1940 Act requires the Fund to maintain at all times an "asset coverage" of at least 300% of the amount of its borrowings, including reverse repurchase agreements and other investments and trading practices that may be considered to be borrowing to the extent they are not fully collateralized. Asset coverage means the ratio that the value of the Fund's total assets, minus liabilities other than borrowings, bears to the aggregate amount of all borrowings. Certain trading practices and investments, such as reverse repurchase agreements, dollar rolls and certain derivatives, may be considered to be borrowing and thus subject to limits imposed by the 1940 Act and related interpretations, as in effect from time to time.

With respect to the fundamental policy relating to underwriting set forth in (2) above, the 1940 Act does not prohibit a fund from engaging in the underwriting business or from underwriting the securities of other issuers; in fact, the 1940 Act permits a fund to have underwriting commitments of up to 25% of its assets under certain circumstances. Those circumstances currently are that the amount of the Fund's underwriting commitments, when added to the value of the Fund's investments in issuers where the Fund owns more than 10% of the outstanding voting securities of those issuers, cannot exceed the 25% cap.

With respect to the fundamental policy relating to lending set forth in (3) above, the 1940 Act does not prohibit the Fund from making loans; however, SEC staff interpretations currently prohibit funds from lending more than one-third of their total assets, except through the purchase of debt obligations or the use of repurchase agreements (an agreement to purchase a security, coupled with an agreement to sell that security back to the original seller on an agreed-upon date at a price that reflects current interest rates). The SEC frequently treats repurchase agreements as loans. While lending securities may be a source of income to the Fund, as with other extensions of credit, there are risks of delay in recovery or even loss of rights in the underlying securities should the borrower fail financially. However, loans would be made only when the Adviser believes the income justifies the attendant risks. The Fund also will be permitted by this policy to make loans of money, including to other funds. The Fund would have to obtain exemptive relief from the SEC to make loans to other funds. The policy in (3) above will be interpreted not to prevent the Fund from purchasing or investing in debt obligations and loans. In addition, collateral arrangements with respect to options, forward currency and futures transactions and other derivative instruments, as well as delays in the settlement of securities transactions, will not be considered loans.

With respect to the fundamental policy relating to issuing senior securities set forth in (4) above, "senior securities" are defined as Fund obligations that have a priority over the Fund's shares with respect to the payment of dividends or the distribution of Fund assets. The 1940 Act prohibits a fund from issuing senior securities except that the Fund may borrow money in amounts of up to one-third of the Fund's total assets from banks for any purpose. A fund also may borrow up to 5% of the Fund's total assets from banks or other lenders for temporary purposes, and these borrowings are not considered senior securities. In addition, it is the current position of the SEC staff that purchasing securities on margin by a fund constitutes the issuance of a senior security by the Fund that is not permitted by the 1940 Act. Accordingly, the Fund does not currently intend to purchase securities on margin.

With respect to the fundamental policy relating to real estate set forth in (5) above, the 1940 Act does not prohibit a fund from owning real estate; however, a fund is limited in the amount of illiquid assets it may purchase. To the extent that investments in real estate are considered illiquid, the current SEC staff position generally limits a fund's purchases of illiquid securities to 15% of net assets.

With respect to the fundamental policy relating to commodities set forth in (6) above, the 1940 Act does not prohibit a fund from owning commodities, whether physical commodities and contracts related to physical commodities (such as oil or grains and related futures contracts), or financial commodities and contracts related to financial commodities (such as currencies and, possibly, currency futures). However, a fund is limited in the amount of illiquid assets it may purchase. To the extent that investments in commodities are considered illiquid, the current SEC staff position generally limits a fund’s purchases of illiquid securities to 15% of net assets.

With respect to the fundamental policy relating to concentration set forth in (7) above, the 1940 Act does not define what constitutes “concentration” in an industry. The SEC staff has taken the position that investment of 25% or more of a fund’s total assets in one or more issuers conducting their principal activities in the same industry or group of industries constitutes concentration. It is possible that interpretations of concentration could change in the future.

MANAGEMENT

Directors and Executive Officers

The business and affairs of the Fund are managed under the direction of the Board. The Board approves all significant agreements between the Fund and the persons or companies that furnish services to the Fund, including agreements with its investment adviser, distributor, custodian and transfer agent. The Fund’s day-to-day portfolio management operations are delegated to the Adviser.

The principal occupations of the Directors and executive officers of the Fund for the past five years are listed below. The address for each Director and executive officer is c/o Barrett Asset Management, LLC, 90 Park Avenue, 34th Floor, New York 10016.

Name, Address and Birth Year	Position(s) Held with the Fund	Term of Office ⁽¹⁾ and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in the Fund Complex ⁽²⁾ Overseen by Director	Other Directorships Held by Director During Past 5 Years
Non-Interested Directors:					
Barry Handel, CPA Birth year: 1951	Director	Since 2005	Partner, Shalik, Morris & Company, LLC (accounting firm)	1	None
David H. Kochman ⁽³⁾ Birth Year: 1959	Director Chairperson	Since 2011 Since 2017	Member, Harris Beach PLLC (law firm)	1	None
Rosalind A. Kochman ⁽⁴⁾ Birth year: 1937	Director Chairperson	Since 1990 2005-2016	Retired	1	None
William Morris, Jr., CPA Birth year: 1948	Director	Since 2005	President/Owner, William Morris & Associates P.C. (accounting firm)	1	None

Name, Address and Birth Year	Position(s) Held with the Fund	Term of Office⁽¹⁾ and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in the Fund Complex⁽²⁾ Overseen by Director	Other Directorships Held by Director During Past 5 Years
Executive Officers:					
Peter H. Shriver, CFA® Barrett Asset Management, LLC 90 Park Avenue New York, NY 10016 Birth year: 1952	President and Chief Executive Officer	Since 2006	CEO, Barrett Asset Management (since 2011); President of Barrett Asset Management (2011-2014)	N/A	N/A
E. Wells Beck, CFA® Barrett Asset Management, LLC 90 Park Avenue New York, NY 10016 Birth year: 1968	Vice President and Officer	Since 2010	Managing Director and Director of Research, Barrett Asset Management (since 2011)	N/A	N/A
Robert J. Milnamow Barrett Asset Management, LLC 90 Park Avenue New York, NY 10016 Birth year: 1950	Vice President and Chief Investment Officer	Since 2014	President and Chief Investment Officer of Barrett Asset Management (since 2011); Executive Vice President, Barrett Asset Management (2006-2014)	N/A	N/A
Madeleine Morreale Barrett Asset Management, LLC 90 Park Avenue New York, NY 10016 Birth year: 1956	Chief Compliance Officer and Anti-Money Laundering Officer	Since 2011	Chief Compliance Officer, Barrett Asset Management (2011-Present)	N/A	N/A
John G. Youngman Barrett Asset Management, LLC 90 Park Avenue New York, NY 10016 Birth year: 1968	Chief Financial Officer and Treasurer	Since 2011	Managing Director, Barrett Asset Management (2011-Present)	N/A	N/A

⁽¹⁾ Each Director holds office for an indefinite term until the earlier of (1) the next meeting of shareholders at which Directors are elected and until his or her successor is elected and qualified, or (2) the time that Director resigns or his or her term as a Director is terminated in accordance with the Fund's by-laws. Officers are elected annually by the Board.

⁽²⁾ A Fund Complex means two or more investment companies that (1) hold themselves out to investors as related companies for purposes of investment and investment services, or (2) have a common investment adviser or have an investment adviser that is an affiliated person of the investment adviser of any of the other investment companies.

⁽³⁾ Mr. Kochman is Ms. Kochman's son.

⁽⁴⁾ Ms. Kochman is Mr. Kochman's mother.

As of December 31, 2017, none of the Directors who are not "interested persons," as defined in the 1940 Act, of the Fund or the Adviser ("Independent Directors") or their immediate family members owned beneficially or of record any securities in the Adviser or distributors of the Fund, or in a person (other than a registered investment company) directly or indirectly controlling, controlled by or under common control with the Adviser or the principal underwriter of the Fund.

The Board met four times during the Fund's last fiscal year.

The Fund has an Audit Committee and a Nominating Committee. All of the Directors of the Fund are members of the Audit Committee and the Nominating Committee.

In accordance with its written charter adopted by the Board, the Audit Committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing and financial reporting practices of the Fund. The principal functions of the Audit Committee are to: (a) oversee the scope of the Fund's audit, the Fund's accounting and financial reporting policies and practices and its internal controls and enhance the quality and objectivity of the audit function; (b) approve, and recommend to the Independent Board Members (as that term is defined in the Audit Committee Charter) for their ratification, the selection, appointment, retention or termination of the Fund's independent registered public accounting firm, as well as approving the compensation thereof; and (c) approve all audit and permissible non-audit services provided to the Fund and certain other persons by such independent registered public accounting firm. During the Fund's most recent fiscal year, the Audit Committee met three times.

The Nominating Committee is charged with the duty of making all nominations for Independent Directors to the Board. The Nominating Committee may consider nominees recommended by the Fund's shareholders when a vacancy becomes available. Shareholders who wish to recommend a nominee should send recommendations to the Fund's Secretary that include all information relating to such person that is required to be disclosed in solicitations of proxies for the election of Directors. A recommendation must be accompanied by a written consent of the individual to stand for election if nominated by the Board and to serve if elected by the shareholders.

The Nominating Committee also identifies potential nominees through its network of contacts and may also engage, if it deems appropriate, a professional search firm. The Nominating Committee meets to discuss and consider such candidates' qualifications and then chooses a candidate by majority vote. The Nominating Committee does not have specific, minimum qualifications for nominees, and has not established specific qualities or skills that it regards as necessary for one or more of the Directors to possess (other than any qualities or skills that may be required by applicable law, regulation or listing standard). However, in evaluating a person as a potential nominee to serve as a Director, the Nominating Committee may consider the following factors, among any others it may deem relevant:

- whether or not the person is an "interested person" as defined in the 1940 Act and whether the person is otherwise qualified under applicable laws and regulations to serve as a Director of the Fund;
- whether or not the person has any relationships that might impair his or her independence, such as any business, financial or family relationships with Fund management, the investment adviser of the Fund, other Fund service providers or their affiliates;
- whether or not the person serves on boards of, or is otherwise affiliated with, competing financial service organizations or their related mutual fund complexes;
- whether or not the person is willing to serve, and willing and able to commit the time necessary for the performance of the duties of a Director of the Fund;
- the contribution which the person can make to the Board and the Fund (or, if the person has previously served as a Director of the Fund, the contribution which the person made to the Board during his or her previous term of service), with consideration being given to the person's business and professional experience, education and such other factors as the Nominating Committee may consider relevant;
- the character and integrity of the person; and
- whether or not the selection and nomination of the person would be consistent with the requirements of the Fund's retirement policies.

The Nominating Committee met once during the Fund's most recent fiscal year.

The Board believes that each Director's experience, qualifications, attributes or skills on an individual basis and in combination with those of the other Directors lead to the conclusion that the Board possesses the requisite attributes and skills. The Board believes that the Directors' ability to review critically, evaluate, question and discuss information provided to them; to interact effectively with the Adviser, other service providers, counsel and the independent registered public accounting firm; and to exercise effective business judgment in the performance of their duties support this conclusion. In addition, the following specific experience, qualifications, attributes and/or skills apply to each Director.

Each Director, with the exception of Mr. Kochman, who was added as a Director in 2011, has served as Board member of the Fund for at least 7 years. Ms. Kochman has substantial experience in the practice of law and is a significant investor in the Fund. Messrs. Handel and Morris have substantial experience advising clients on accounting and/or tax matters. Mr. Kochman has substantial experience practicing law.

The Board's Chair ("Chair") and the chair of each committee of the Board is an Independent Director. The Chair serves as a key point person for interaction between management and the Board. The Board and the independent members of the Board also regularly meet outside the presence of management and the independent members of the Board are advised by independent legal counsel. The Board has determined that its leadership structure is appropriate in light of the Fund's circumstances, including the Board's small size and oversight of a single fund, and provides for the orderly and efficient flow of information among Board members and informed and independent exercise of its responsibilities.

The Board's role in risk oversight of the Fund reflects its responsibility under applicable state law to oversee generally, rather than to manage, the operations of the Fund. In line with this general oversight responsibility, the Board receives reports and makes regular inquiry at its quarterly meetings and as needed regarding the nature and extent of significant fund risks (including investment, compliance and valuation risks) that potentially could have a materially adverse impact on the business operations, investment performance or reputation of the Fund, but relies upon the Fund's management (including its portfolio managers and Chief Compliance Officer, who reports directly to the Board) and Barrett Asset Management, as the investment adviser of the Fund, to assist it in identifying and understanding the nature and extent of such risks and determining that such risks are being effectively managed by the implementation of appropriate policies, procedures and controls. In addition to reports and other information received from Fund management and Barrett Asset Management regarding the Fund's investment program and activities, the Board as part of its risk oversight efforts meets at its quarterly meetings and as needed with the Fund's Chief Compliance Officer to discuss, among other things, any issues regarding the policies, procedures and controls of the Fund. Because the Chair of the Board and the chair of each of the Board's committees is an Independent Director, the manner in which the Board administers its risk oversight efforts is not expected to have any significant impact on the Board's leadership structure.

The following table shows the dollar range of equity securities owned by the Directors in the Fund and in other investment companies they oversee within the same family of investment companies as of December 31, 2017. Investment companies are considered to be in the same family if they share the same investment adviser or principal underwriter and hold themselves to investors as related companies for purposes of investment and investor services.

<u>Name of Director</u>	<u>Dollar Range⁽¹⁾ of Equity Securities in the Fund</u>	<u>Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by Director in Family of Investment Companies</u>
Non-Interested Directors:		
Barry Handel, CPA	C	C
David H. Kochman	E	E
Rosalind A. Kochman	E	E
William Morris, Jr., CPA	C	C

⁽¹⁾ The dollar ranges are as follows:
A = None
B = \$1-\$10,000
C = \$10,001-\$50,000
D = \$50,001-\$100,000
E = Over \$100,000

As of November 30, 2018, the Directors and officers of the Fund as a group owned directly and beneficially approximately 24% of the Fund's outstanding shares.

As of November 30, 2018, to the knowledge of management, the following persons owned of record or beneficially 5% or more of the Fund's outstanding shares:

<u>Name and Address</u>	<u>% Ownership</u>	<u>Type of Ownership</u>
John B. Gaguine c/o Barrett Asset Management, LLC 90 Park Avenue New York, NY 10016	29.09%	Beneficial
Marvin C. Kochman c/o Barrett Asset Management, LLC 90 Park Avenue New York, NY 10016	23.83%	Beneficial

Directors are currently paid a retainer of \$5,000 for each calendar year, and receive \$1,500 for each in person meeting and \$1,000 for each telephonic meeting attended. The chairperson, Mr. Kochman, also receives an additional retainer of \$1,000 for each calendar year. Directors are also reimbursed for out-of-pocket expenses relating to attendance at such meetings.

The following table provides information concerning the compensation paid during the fiscal year ended August 31, 2018 to each of the Fund’s Directors. The Fund does not provide any pension or retirement benefits to Directors or officers. In addition, the Fund paid no remuneration during the fiscal year ended August 31, 2018 to officers of the Fund.

<u>Director</u>	<u>Aggregate Compensation from the Fund for Fiscal Year Ended August 31, 2018</u>	<u>Aggregate Compensation from the Fund for Fiscal Year Ended August 31, 2017</u>	<u>Number of Funds in Fund Complex Served by Director</u>
Barry Handel, CPA	\$10,000	\$10,000	1
David H. Kochman	\$10,500	\$10,750	1
Rosalind A. Kochman	\$10,000	\$10,250	1
William Morris, Jr., CPA	\$9,500	\$8,500	1

Investment Adviser

The Fund retains Barrett Asset Management as its investment adviser. As of August 31, 2018, Barrett Asset Management managed approximately \$1.95 billion of client assets. Barrett Asset Management delivers services through separately managed portfolios for individuals and institutions and, in addition to serving as the Fund’s investment adviser, serves as the investment adviser of a proprietary mutual fund, the Barrett Growth Fund. Barrett Asset Management has approximately 832 accounts, including families, individuals, foundations and other organizations and entities. Barrett Asset Management generally uses a team approach for security selection and decision making.

Under the Investment Advisory Agreement (“Advisory Agreement”) between the Adviser and the Fund, subject to the supervision and direction of the Fund’s Board, the Adviser manages the Fund’s portfolio in accordance with the Fund’s stated investment objectives and policies, makes investment decisions for the Fund and places orders to purchase and sell securities. Investment decisions for the Fund are made independently from those of other funds or accounts managed by Barrett Asset Management. Such other funds or accounts may also invest in the same securities as the Fund. If those funds or accounts are prepared to invest in, or desire to dispose of, the same security at the same time as the Fund, however, transactions in such securities will be made insofar as feasible for the respective funds and accounts in a manner deemed equitable to all. In some cases, this procedure may adversely affect the size of the position obtained for or disposed of by the Fund or the price paid or received by the Fund. In addition, because of different investment objectives, a particular security may be purchased for one or more funds or accounts when one or more funds or accounts are selling the same security.

The Advisory Agreement will continue in effect from year to year provided such continuance is specifically approved at least annually (a) by the Fund’s Board or by a majority of the outstanding voting securities of the Fund (as defined in the 1940 Act) and only if the terms and the renewal thereof have been approved by the vote of a majority of the Independent Directors with such Independent Directors casting votes in person at a meeting called for such purpose. The Fund may terminate the Advisory Agreement at any time, without the payment of a penalty, on thirty (30) days’ written notice to the Adviser of the Fund’s intention to do so, pursuant to action by the Board of the Fund or pursuant to a vote of a majority of the outstanding voting securities of the Fund. The Adviser may terminate the Advisory Agreement at any time, without the payment of a penalty, on sixty (60) days’ written notice to the Fund of its intention to do so. The Advisory Agreement will terminate automatically in the event of assignment (as defined in the 1940 Act).

As compensation for services performed under the Advisory Agreement, the Fund pays Barrett Asset Management an advisory fee, which is calculated daily and payable monthly in arrears, according to the following schedule:

<u>Fund’s Fee Rate</u> <u>Average Daily Net Assets</u>	<u>Annual</u> <u>Management Fee Rate</u>
First \$1 billion	0.700%
Next \$1 billion	0.675%
Next \$3 billion	0.650%
Next \$5 billion	0.625%
Over \$10 billion	0.600%

The table below sets forth the management fees accrued by the Fund under the Advisory Agreement, the amount of the advisory fees and Fund operating expenses waived or reimbursed by Barrett Asset Management and the total advisory fees paid by the Fund to Barrett Asset Management under the Advisory Agreement during the fiscal years ended August 31, 2018, 2017 and 2016:

Advisory Fee		
Paid During Fiscal Year Ended August 31,		
<u>2018</u>	<u>2017</u>	<u>2016</u>
\$454,280	\$423,988	\$399,473

Code of Ethics

Pursuant to Rule 17j-1 of the 1940 Act, the Fund, Barrett Asset Management and the Distributor (as defined below) have each adopted codes of ethics that permit their respective personnel to invest in securities for their own accounts, including securities that may be purchased or held by the Fund. All personnel must place the interests of clients first and avoid activities, interests and relationships that might interfere with the duty to make decisions in the best interests of the clients. All personal securities transactions by employees must adhere to the requirements of the codes and must be conducted in such a manner as to avoid any actual or potential conflict of interest, the appearance of such a conflict or the abuse of an employee’s position of trust and responsibility.

Copies of the Codes of Ethics of the Fund, Barrett Asset Management and the Distributor are on file with the SEC.

Proxy Voting Policies and Procedures

The Board on behalf of the Fund has delegated to the Adviser the authority to vote proxies related to the portfolio securities held by the Fund. In exercising its proxy voting authority, the Adviser will vote proxies in accordance with the Proxy Voting Policies and Procedures (“Policies”) it has adopted.

The Policies are designed and implemented in a way that is reasonably expected to ensure that proxy matters are handled in the best interest of clients for whom the Adviser has voting authority. While the guidelines included in the procedures are intended to provide a benchmark for voting standards, each vote is ultimately cast on a case-by-case basis, taking into consideration the Adviser’s contractual obligations to its clients and all other relevant facts and circumstances at the time of the vote (such that these guidelines may be overridden to the extent the Adviser deems appropriate).

The Adviser has a proxy voting committee (the “Proxy Committee”) that is responsible for administering and overseeing the proxy voting process. The Proxy Committee is headed by a chairman (the “Committee Chairman”) who is responsible for determining appropriate voting positions on each proxy and whether there are any material conflicts of interest.

The Adviser votes proxies solely in the interests of the Fund and its shareholders. As a matter of policy, the officers, Directors and employees of the Fund, the Adviser and the Proxy Committee will not be influenced by outside sources whose interests conflict with the interests of the Fund and its shareholders. All conflicts are resolved in the interests of the Fund’s clients. If a material conflict of interest exists, (i) to the extent reasonably practicable and permitted by applicable law, the client is promptly notified, the conflict is disclosed and the Adviser obtains the client’s proxy voting instructions, and (ii) to the extent that it is not reasonably practicable or permitted by applicable law to notify the client and obtain such instructions (*e.g.*, the client is a mutual fund or other commingled vehicle or is an ERISA plan client), the Adviser seeks voting instructions from an independent third party, *e.g.*, Institutional Shareholder Services.

Issues to be considered when reviewing proxies for material conflicts include, but are not limited to, the following: (i) whether the Adviser (or, to the extent required to be considered by applicable law, its affiliates) manages assets for the issuer or an employee group of the issuer or otherwise has an interest in the issuer; (ii) whether the Adviser, or an officer or director of the Adviser — those responsible for recommending the proxy vote (together, “Voting Persons”) is a close relative of or has a personal or business relationship with an issuer, executive, director or person who is a candidate for director of the issuer or is a participant in a proxy contest; and (iii) whether there is any other business or personal relationship where a Voting Person has a personal interest in the outcome of the matter before shareholders.

In the absence of a conflict of interest, the Chairman of the Proxy Committee determines votes on a case-by-case basis taking into account the voting guidelines contained in the Proxy Voting Guidelines, as described below. For avoidance of doubt, depending on the best interest of each individual client, the Adviser may vote the same proxy differently for different clients. A record of the Committee Chairman’s decision, including its basis, is maintained by the Proxy Coordinator.

Barrett Asset Management's Proxy Voting Guidelines

Barrett Asset Management has adopted general proxy voting guidelines, which are summarized below. These guidelines are not an exhaustive list of all the issues that may arise and the Adviser cannot anticipate all future situations. In all cases, each proxy will be considered based on the relevant facts and circumstances.

Board of Directors

The Adviser votes proxies for the election of a company's nominees for directors and for board-approved proposals on other matters relating to the Board with the following exceptions: (i) votes are withheld for the entire Board if the Board does not have a majority of independent directors or the board does not have nominating, audit and compensation committees composed solely of independent directors (although, for mutual fund companies, where there is generally not a compensation committee, votes are withheld for the entire board of directors if the board does not have a majority of independent directors or the board does not have nominating and audit committees composed solely of independent directors); (ii) votes are withheld for any nominee for director who is considered an independent director by the company and who has received compensation from the company other than for service as a director; and (iii) votes are cast on a case-by-case basis in contested elections of directors.

Executive Compensation

The Adviser generally favors compensation programs that relate executive compensation to a company's long-term performance. Votes are cast on a case-by-case basis on board-approved proposals relating to executive compensation, except as follows: (i) where the Adviser is otherwise withholding votes for the entire Board, the Adviser votes for stock option plans that will result in a minimal annual dilution; (ii) the Adviser votes against stock option plans or proposals that permit replacing or repricing of underwater options; (iii) the Adviser votes against stock option plans that permit issuance of options with an exercise price below the stock's current market price; and (iv) except where the Adviser is otherwise withholding votes for the entire Board, the Adviser votes for employee stock purchase plans that limit the discount for shares purchased under the plan to no more than 15% of their market value, have an offering period of 27 months or less and result in dilution of 10% or less.

Matters Relating to Capitalization

The management of a company's capital structure involves a number of important issues, including cash flows, financing needs and market conditions that are unique to the circumstances of each company. As a result, the Adviser votes on a case-by-case basis on Board-approved proposals involving changes to a company's capitalization except where the Adviser is otherwise withholding votes for the entire Board. In general, (i) the Adviser votes for proposals relating to the authorization of additional common stock; (ii) the Adviser votes for proposals to effect stock splits (excluding reverse stock splits); and (iii) the Adviser votes for proposals authorizing share repurchase programs.

Acquisitions, Mergers, Reorganizations and Other Transactions

The Adviser votes these issues on a case-by-case basis on board-approved transactions.

Matters Relating to Anti-Takeover Measures

The Adviser votes against board-approved proposals to adopt anti-takeover measures except as follows: (i) the Adviser votes on a case-by-case basis on proposals to ratify or approve shareholder rights plans and (ii) the Adviser votes on a case-by-case basis on proposals to adopt fair price provisions.

Other Business Matters

The Adviser votes for board-approved proposals approving such routine business matters such as changing the company's name, ratifying the appointment of auditors and procedural matters relating to the shareholder meeting. The Adviser votes on a case-by-case basis on proposals to amend a company's charter or bylaws. The Adviser votes against authorization to transact other unidentified, substantive business at the meeting.

Shareholder Proposals

SEC regulations permit shareholders to submit proposals for inclusion in a company's proxy statement. These proposals generally seek to change some aspect of a company's corporate governance structure or to change some aspect of its business operations. The Adviser votes in accordance with the recommendation of the company's Board on all shareholder proposals, except as follows: (i) the

Adviser votes for shareholder proposals to require shareholder approval of shareholder rights plans (ii) the Adviser votes for shareholder proposals that are consistent with the Adviser's proxy voting guidelines for board-approved proposals and (iii) the Adviser votes on a case-by-case basis on other shareholder proposals where the firm is otherwise withholding votes for the entire Board.

Voting Shares of Investment Companies

The Adviser may utilize shares of open- or closed-end investment companies to implement its investment strategies. Shareholder votes for investment companies that fall within the categories listed above are voted in accordance with those guidelines. The Adviser votes on a case-by-case basis on proposals relating to changes in the investment objectives of an investment company taking into account the original intent of the Fund, changes in fundamental investment restrictions and the role the Fund plays in the clients' portfolios. The Adviser votes on a case-by-case basis all proposals that would result in increases in expenses (*e.g.*, proposals to adopt 12b-1 plans, alter investment advisory arrangements or approve fund mergers) taking into account comparable expenses for similar funds and the services to be provided.

Where there may be a potential conflict of interest if the Adviser is receiving investment advisory fees from an investment company, the Adviser generally votes in support of decisions reached by the majority of Independent Directors.

Voting Shares of Foreign Issuers

In the event the Adviser is required to vote on proxies relating to securities issued by foreign issuers, *i.e.*, issuers that are incorporated under the laws of a foreign jurisdiction and that are not listed on a U.S. securities exchange or the Nasdaq stock market, the following guidelines are used, which are premised on the existence of a sound corporate governance and disclosure framework. These guidelines, however, may not be appropriate under some circumstances for foreign issuers and therefore apply only where applicable. In general, Barrett Asset Management votes (i) for shareholder proposals calling for a majority of the directors to be independent of management, (ii) for shareholder proposals seeking to increase the independence of board nominating, audit and compensation committees and (iii) for shareholder proposals that implement corporate governance standards similar to those established under U.S. federal law and the listing requirements of U.S. stock exchanges and that do not otherwise violate the laws of the jurisdiction under which the company is incorporated.

Barrett Asset Management votes on a case-by-case basis on proposals relating to (i) the issuance of common stock in excess of 20% of a company's outstanding common stock where shareholders do not have preemptive rights and (ii) the issuance of common stock in excess of 100% of a company's outstanding common stock where shareholders have preemptive rights.

Shareholders may view a summary of the Policies free of charge online at www.barrettasset.com. Alternatively, shareholders may request copies of the Policies free of charge by sending a written request to: 90 Park Avenue, New York, New York 10016. Information regarding how the Fund voted proxies (if any) relating to Fund securities during the most recent 12-month period ended June 30 is available without charge (1) by calling 1-888-425-6432, (2) on the Fund's website at www.barrettasset.com and (3) on the SEC's website at <http://www.sec.gov>.

Distributor

The Fund has entered into a distribution agreement (the "Distribution Agreement") with Quasar Distributors, LLC (the "Distributor"), 777 East Wisconsin Avenue, 6th Floor, Milwaukee, Wisconsin 53202, pursuant to which the Distributor acts as the Fund's principal underwriter, provides certain administration services and promotes and arranges for the sale of the Fund's shares. The offering of the Fund's shares is continuous. The Distributor, U.S. Bancorp Fund Services, LLC doing business as U.S. Bank Global Fund Services ("Fund Services"), the Fund's administrator, fund accountant and transfer agent, and U.S. Bank, N.A., the Fund's custodian, are affiliated companies. The Distributor is a registered broker-dealer and member of the Financial Industry Regulatory Authority, Inc. ("FINRA").

The Distribution Agreement has an initial term of one year and will continue in effect only if its continuance is specifically approved at least annually by the Board or by vote of a majority of the Fund's outstanding voting securities and, in either case, by a majority of the Directors who are not parties to the Distribution Agreement or "interested persons" (as defined in the 1940 Act) of any such party. The Distribution Agreement is terminable without penalty by the Fund on 60 days' written notice when authorized either by a majority vote of the Fund's shareholders or by vote of a majority of the Board, including a majority of the Directors who are not "interested persons" (as defined in the 1940 Act) of the Fund, or by the Distributor on 60 days' written notice. The Distribution Agreement will automatically terminate in the event of its "assignment" (as defined in the 1940 Act).

The Fund also may make payments to the distributor, Service Agents and others for providing personal service or the maintenance of shareholder accounts. The amounts paid to each recipient may vary based upon certain factors, including, among other things, the levels of sales of Fund shares and/or shareholder services provided.

ADMINISTRATOR, CUSTODIAN, TRANSFER AGENT AND FUND ACCOUNTANT

Pursuant to an administration servicing agreement between the Fund and Fund Services, 615 East Michigan Street, Milwaukee, Wisconsin, 53202, Fund Services acts as the Fund’s administrator. Fund Services provides certain administrative services to the Fund, including, among other responsibilities: coordinating the negotiation of contracts and fees with, and the monitoring of performance and billing of, the Fund’s independent contractors and agents; preparation for signature by an officer of the Fund of all documents required to be filed for compliance by the Fund with applicable laws and regulations excluding those of the securities laws of various states; arranging for the computation of performance data, including net asset value and yield; responding to shareholder inquiries; and arranging for the maintenance of books and records of the Fund; and providing, at its own expense, office facilities, equipment and personnel necessary to carry out its duties. In this capacity, Fund Services does not have any responsibility or authority for the management of the Fund, the determination of investment policy, or for any matter pertaining to the distribution of Fund shares.

For the fiscal years indicated below, the Fund paid the following fees to Fund Services:

Administration Fees		
Paid During Fiscal Year Ended August 31,		
<u>2018</u>	<u>2017</u>	<u>2016</u>
\$51,443	\$49,800	\$44,081

U.S. Bank, N.A., 1555 North RiverCenter Drive, Suite 302, Milwaukee, WI 53212, serves as the custodian of the Fund’s cash and securities. For its custodial services to the Fund, U.S. Bank, N.A. receives monthly fees based upon the Fund’s month-end, aggregate net asset value, plus certain charges for securities transactions.

Fund Services also serves as the Fund’s transfer agent and dividend disbursing agent (the “Transfer Agent”). The Transfer Agent processes requests for the purchase or redemption of the Fund’s shares, sends statements of ownership to shareholders, and performs other administrative duties on behalf of the Fund. The Transfer Agent does not play any role in establishing the investment policies of the Fund or in determining which securities are to be purchased or sold by the Fund. All fees and expenses of the Transfer Agent are paid by the Fund. For its services as Transfer Agent and dividend disbursing agent, the Transfer Agent receives fees from the Fund based upon the number of shareholder accounts maintained and the number of transactions effected. The Transfer Agent is also reimbursed by the Fund for out-of-pocket expenses.

Subject to approval by the Board, in certain instances where there is an omnibus account that represents numerous beneficial owners, the Fund may pay a fee to the omnibus account holder for transfer agency services. The amount the Fund pays to the omnibus account holder will not exceed, on a per-beneficial owner basis, the amount the Fund would have paid to the Transfer Agent had the beneficial owners been direct shareholders in the Fund.

Fund Services also serves as the Fund’s fund accountant (the “Fund Accountant”). The Fund Accountant maintains the financial accounts and records of the Fund and provides other accounting services to the Fund, including calculation of the net asset value per share for each share class of the Fund. For its services as Fund Accountant, the Fund Accountant receives monthly fees based upon the Fund’s month-end, aggregate net asset value plus certain charges for pricing the Fund’s portfolio holdings pursuant to its calculation of the per share net asset value for each share class of the Fund.

U.S. Bank, N.A., Fund Services and the Distributor are affiliated entities.

PORTFOLIO MANAGER DISCLOSURE

Portfolio Managers

The following table shows information regarding other accounts managed by each portfolio manager of the Fund, as of August 31, 2018. The portfolio managers manage no accounts with respect to which the advisory fee is based on the performance of the account.

Category of Account	Total Number of Accounts Managed	Total Assets in Accounts Managed	Number of Accounts for which Advisory Fee is Based on Performance	Assets in Accounts for which Advisory Fee is Based on Performance
<u>E. Wells Beck</u>				
Other Registered Investment Companies	1	\$27,606,113	0	\$0
Other Pooled Investment Vehicles	0	\$0	0	\$0
Other Accounts	116	\$228,854,491	0	\$0
<u>Robert J. Milnamow</u>				
Other Registered Investment Companies	1	\$27,606,113	0	\$0
Other Pooled Investment Vehicles	0	\$0	0	\$0
Other Accounts	70	\$206,598,118	0	\$0
<u>John G. Youngman</u>				
Other Registered Investment Companies	0	\$0	0	\$0
Other Pooled Investment Vehicles	0	0	0	\$0
Other Accounts	112	\$207,726,838	0	\$0

Portfolio Manager Compensation

Barrett Asset Management compensates Mr. Milnamow, Mr. Beck and Mr. Youngman as partners of Barrett Asset Management, with a draw and a bonus. The bonus is determined at year-end by the compensation committee, which takes into consideration first and foremost the overall performance of the firm and then the individual contribution of each portfolio manager. In determining a portfolio manager's bonus, the compensation committee considers the following criteria with respect to the portfolio manager: assets under management, growth in assets, investment performance (including mutual fund results), research effort and general contribution to the firm. Barrett Asset Management uses a team-oriented approach to foster a spirit of cooperation and collegiality throughout the professional ranks of the firm so that overall performance of the firm is a reflection of a combined initiative and enterprise.

Material Conflicts Arising from Other Accounts Managed by Portfolio Managers

The management of multiple funds and accounts may give rise to potential conflicts of interest if the funds and accounts have different objectives, benchmarks, time horizons, and fees, as a portfolio manager must allocate his or her time and investment ideas across multiple funds and accounts. A portfolio manager may execute transactions for a fund or account that may adversely impact the value of securities held by another fund or account. Securities selected for funds or accounts may outperform the securities selected for other funds or accounts.

When an investment is appropriate or suitable for more than one fund or account, the following considerations apply:

- The investment opportunity is allocated among mutual funds and individual client accounts on a pro rata basis according to their asset size.
- An investment opportunity will generally not be placed in a fund or account if not in round lot shares of at least 100.
- The investment opportunity will be spread over Barrett Asset Management's accounts and funds base to the fullest extent possible, within standards of appropriateness and suitability.
- Initial public offerings receive the same considerations as any other investment opportunity, subject to certain investment limitations of some funds and client accounts.
- Investment opportunities limited in amount are not allocated to Barrett Asset Management's proprietary accounts, employees or affiliated persons' accounts.
- Barrett Asset Management may not allocate any initial public offerings to any accounts in which a restricted person has a beneficial interest, subject to certain exemptions.

The portfolio managers' management of their personal accounts may give rise to potential conflicts of interest. The Fund and Barrett Asset Management have adopted codes of ethics that they believe contain provisions reasonably necessary to prevent such conflicts.

Portfolio Manager Securities Ownership

The following table sets forth the dollar range of equity securities beneficially owned of the Fund by each portfolio manager of the Fund, as of August 31, 2018.

Name of Portfolio Manager	Dollar Range of Equity Securities in the Fund
E. Wells Beck	None
Robert J. Milnamow	None
John G. Youngman	None

PORTFOLIO TRANSACTIONS

The Fund's general policy in selecting brokers and dealers is to obtain the best results taking into account factors such as the general execution and operational facilities of the broker or dealer, the type and size of the transaction involved, the creditworthiness of the broker or dealer, the stability of the broker or dealer, execution and settlement capabilities, time required to negotiate and execute the trade, research services and the Adviser's arrangements related thereto (as described below), overall performance, the dealer's risk in positioning the securities involved and the broker's commissions and dealer's spread or mark-up. While the Adviser generally seeks the best price in placing its orders, the Fund may not necessarily be paying the lowest price available.

Notwithstanding the preceding paragraph, in compliance with Section 28(e) of the Securities Exchange Act of 1934, as amended, the Adviser may select brokers who charge a commission in excess of that charged by other brokers, if the Adviser determines in good faith that the commission to be charged is reasonable in relation to the brokerage and research services provided to the Adviser by such brokers. Research services generally consist of research or oral advice from brokers and dealers regarding particular companies, industries or general economic conditions. The Adviser may also have arrangements with brokers pursuant to which such brokers provide research services to the Adviser in exchange for a certain volume of brokerage transactions to be executed by such broker. While the payment of higher commissions increases the Fund's costs, the Adviser does not believe that the research significantly reduces its expenses as the Fund's investment adviser.

Research services furnished to the Adviser by brokers who effect securities transactions for the Fund may be used by the Adviser in providing investment advice to the other investment companies and accounts which it advises. Similarly, research services furnished to the Adviser by brokers who effect securities transactions for other investment companies and accounts which the Adviser advises may be used by the Adviser in servicing the Fund. Not all of these research services are used by the Adviser in managing any particular account, including the Fund.

Over-the-counter purchases and sales are transacted directly with principal market makers except in those cases in which better prices and executions may be obtained elsewhere.

The following table shows the aggregate amount of brokerage commissions paid by the Fund for the fiscal years shown below:

Brokerage Commissions		
Paid During Fiscal Year Ended August 31,		
2018	2017	2016
\$4,622	\$4,605	\$4,167

The Fund is required to identify any securities of its "regular brokers or dealers" that the Fund has acquired during its most recent fiscal year. The Fund did not acquire securities of its regular brokers or dealers or their parents during fiscal year 2018.

The Fund is also required to identify any brokerage transactions during its most recent fiscal year that were directed to a broker because of research services provided, along with the amount of any such transactions and any related commissions paid by the Fund. The Fund did not pay commissions for research services for the fiscal year ended August 31, 2018.

DISCLOSURE OF PORTFOLIO HOLDINGS

The Fund's Board has adopted policies and procedures with respect to the disclosure of the Fund's portfolio securities and any ongoing arrangements to make available information about the Fund's portfolio securities. The policy requires that consideration always be given as to whether disclosure of information about the Fund's portfolio holdings is in the best interests of the Fund's shareholders. As a consequence, any conflicts of interest between the interests of the Fund's shareholders and those of the Adviser, the Distributor or their affiliates, third party service providers and rating and ranking organizations, in connection with the disclosure of portfolio holdings information would be addressed in a manner that places the interests of the Fund's shareholders first.

The policy provides that information regarding the Fund's portfolio holdings may be shared with the Adviser and other affiliated parties involved in the management, administration or operations of the Fund (referred to as fund-affiliated personnel).

Under the policy, the Fund's complete list of holdings (including the size of each position) may be made available to investors, potential investors and third parties that are not fund-affiliated personnel: (i) upon the filing of Form N-Q or Form N-CSR in accordance with SEC rules, provided that such filings are not made until 15 calendar days following the end of the period covered by the Form N-Q or Form N-CSR or (ii) no sooner than 15 days after month end, provided that such information has been made available through public disclosure at least one day previously. Typically, public disclosure is achieved by required filings with the SEC and/or posting the information to the Fund's Internet site that is accessible by the public, or through public release by a third party vendor.

The policy also permits the release of limited portfolio holdings information to investors, potential investors and third parties that are not fund-affiliated personnel in other circumstances, including:

1. The Fund's top ten securities, current as of month-end, and the individual size of each such security position may be released at any time following month-end with simultaneous public disclosure.
2. The Fund's top ten securities positions (including the aggregate but not individual size of such positions) may be released at any time with simultaneous public disclosure.
3. A list of securities (that may include Fund holdings together with other securities) followed by a portfolio manager (without position sizes or identification of particular funds) may be disclosed to sell-side brokers at any time for the purpose of obtaining research and/or market information from such brokers.
4. A trade in process may be discussed only with counterparties, potential counterparties and others involved in the transaction (i.e., brokers and custodians).
5. The Fund's sector weightings, yield and duration (for fixed income and money market funds), performance attribution (e.g., analysis of the Fund's out-performance or underperformance of its benchmark based on its portfolio holdings) and other summary and statistical information that does not include identification of specific portfolio holdings may be released, even if non-public, if such release is otherwise in accordance with the policy's general principles.
6. A small number of the Fund's portfolio holdings (including information that the Fund no longer holds a particular holding) may be released, but only if the release of the information could not reasonably be seen to interfere with current or future purchase or sales activities of the Fund and is not contrary to law.
7. The Fund's portfolio holdings may be released on an as-needed basis to its legal counsel, counsel to its independent trustees and its independent public accounting firm, in required regulatory filings or otherwise to governmental agencies and authorities.

Under the policy, the Fund may release portfolio holdings information on a regular basis to a custodian, sub-custodian, fund accounting agent, proxy voting provider, rating agency or other vendor or service provider for a legitimate business purpose, where the party receiving the information is under a duty of confidentiality, including a duty to prohibit the sharing of non-public information with unauthorized sources and trading upon non-public information. The Fund may enter into other ongoing arrangements for the release of portfolio holdings information for a legitimate business purpose with a party who is subject to a confidentiality agreement and restrictions on trading upon non-public information. Neither the Fund nor any affiliated party may receive compensation or any other consideration in connection with such arrangements. Ongoing arrangements to make available information about the Fund's portfolio securities will be reviewed at least annually by the Board.

The approval of the Fund's Chief Compliance Officer, or designee, must be obtained before entering into any new ongoing arrangement or altering any existing ongoing arrangement to make available portfolio holdings information, or with respect to any exceptions from the policy. Any exceptions from the policy must be consistent with the purposes of the policy. Exceptions are considered on a case-by-case basis and are granted only after a thorough examination and consultation with legal counsel, as necessary. Exceptions from the policy are reported annually to the Board.

The Fund's portfolio holdings policy is designed to prevent sharing of portfolio information with third parties who have no legitimate business purpose for accessing the information. The policy may not be effective to limit access to portfolio holdings information in all circumstances, however. For example, the Adviser may manage accounts other than the Fund that have investment objectives and strategies similar to those of the Fund. Because these accounts may be similarly managed, portfolio holdings may be similar across the accounts. In that case, an investor in another account may be able to infer the portfolio holdings of the Fund from the portfolio holdings in the investor's account.

DETERMINATION OF NET ASSET VALUE

The net asset value per share of the Fund is calculated on each day, Monday through Friday, except days on which the New York Stock Exchange (the “NYSE”) is closed. The NYSE currently is scheduled to be closed on New Year’s Day, Martin Luther King, Jr. Day, Presidents’ Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas, and on the preceding Friday or subsequent Monday when one of these holidays falls on a Saturday or Sunday, respectively. However, the NYSE may modify its holiday schedule at any time. Please see the prospectus for a description of the procedures used by the Fund in valuing its assets. If the NYSE closes early, the Fund will calculate the NAV at the closing time on that day. If an emergency exists as permitted by the SEC, the NAV may be calculated at a different time.

PURCHASE OF SHARES

General

Investors may purchase shares through banks, brokers, dealers, insurance companies, investment advisers, financial consultants or advisors, mutual fund supermarkets and other financial intermediaries that have entered into an agreement with the Distributor to sell shares of the Fund (each called a “Service Agent”), or directly from the Fund. Service Agents may charge their customers an annual account maintenance fee in connection with a brokerage account through which an investor purchases or holds shares. Accounts held directly at the Transfer Agent are not subject to a maintenance fee.

For additional information regarding applicable investment minimums, please see the Fund’s Prospectus.

The Fund reserves the right to waive or change minimums, to decline any order to purchase its shares and to suspend the offering of shares from time to time.

Share certificates for the Fund will no longer be issued. If you currently hold share certificates of the Fund, such certificates will continue to be honored.

Purchase orders received by the Fund or a Service Agent prior to the close of regular trading on the NYSE on any day the Fund calculates its net asset value are priced according to the net asset value determined on that day (the “trade date”). Orders received in proper form by a Service Agent prior to the close of regular trading on the NYSE on any day the Fund calculates its net asset value are priced according to the net asset value determined on that day, provided the order is transmitted by the Service Agent to the Transfer Agent in accordance with their agreed-upon procedures. In all other cases, payment must be made with the purchase order.

Automatic Investment Plan. Shareholders may make additions to their accounts at any time by purchasing shares through a service known as the Automatic Investment Plan. Under the Automatic Investment Plan, a distributor or the Transfer Agent is authorized through preauthorized transfers of at least \$50 on a monthly, quarterly or annual basis, to charge the shareholder’s account held with a bank or other financial institution as indicated by the shareholder, to provide for systematic additions to the shareholder’s fund account. A shareholder who has insufficient funds to complete the transfer may be charged a fee of up to \$25 by a distributor or the Transfer Agent. Additional information is available from the Fund or a Service Agent.

REDEMPTION OF SHARES

The right of redemption may be suspended or the date of payment postponed (a) for any period during which the NYSE is closed (other than for customary weekend and holiday closings), (b) when trading in the markets the Fund normally utilizes is restricted, or an emergency exists, as determined by the SEC, so that disposal of the Fund’s investments or determination of net asset value is not reasonably practicable or (c) for such other periods as the SEC by order may permit for protection of the Fund’s shareholders.

If the shares to be redeemed were issued in certificate form, the certificates must be endorsed for transfer (or be accompanied by an endorsed stock power) and must be submitted to the Transfer Agent together with the redemption request. Any signature appearing on a share certificate, stock power or written redemption request where the proceeds are not going to an address or bank not currently on file must be guaranteed by an eligible guarantor institution such as a domestic bank, savings and loan institution, domestic credit union, member bank of the Federal Reserve System or member firm of a national securities exchange. Redemption requests of \$50,000 or less do not require a signature guarantee. Redemption proceeds will be mailed to an investor’s address of record. The Transfer Agent may require additional supporting documents for redemptions made by corporations, executors, administrators, trustees or guardians. A redemption request will not be deemed properly received until the Service Agent or the Transfer Agent receives all required documents in proper form.

The redemption proceeds will be remitted on or before the seventh business day following receipt of proper tender, except on any days on which the NYSE is closed or as permitted under the 1940 Act, in extraordinary circumstances. Redemption proceeds for shares recently purchased by check or electronic funds transfer through the ACH network, will be remitted upon clearance of the purchase amount, which may take up to ten (10) days. Each Service Agent is responsible for transmitting promptly orders for its customers.

The Service Agent may charge you a fee for executing your order. The amount and applicability of such a fee is determined and disclosed to its customers by each Service Agent.

If you hold share certificates, it will take longer to redeem shares.

Additional Information Regarding Telephone Redemption Program

Neither the Fund nor its agents will be liable for following instructions communicated by telephone that are reasonably believed to be genuine. The Fund and its agents will employ procedures designed to verify the identity of the caller and legitimacy of instructions (for example, a shareholder's name and account number will be required and phone calls may be recorded). The Fund reserves the right to suspend, modify or discontinue the telephone redemption program or to impose a charge for this service at any time following at least seven (7) days' prior notice to shareholders.

Systematic Withdrawal Plan

A systematic withdrawal plan (the "Withdrawal Plan") is available to shareholders as described in the Prospectus. To the extent withdrawals under the Withdrawal Plan exceed dividends, distributions and appreciation of a shareholder's investment in the Fund, there will be a reduction in the value of the shareholder's investment, and continued withdrawal payments may reduce the shareholder's investment and ultimately exhaust it. Withdrawal payments should not be considered as income from investment in the Fund. Furthermore, as it generally would not be advantageous to a shareholder to make additional investments in the Fund at the same time he or she is participating in the Withdrawal Plan.

Shareholders who wish to participate in the Withdrawal Plan and who hold their shares in certificate form must deposit their share certificates with the Transfer Agent as agent for Withdrawal Plan members. For additional information, shareholders should contact their Service Agent.

Redemptions in Kind

If the Board shall determine that it is in the best interests of the shareholders of the Fund, the Fund may pay the redemption price, in whole or in part, by a distribution in-kind from the portfolio of the Fund, in lieu of cash, taking such securities at their values employed for determining such redemption price, and selecting the securities in such manner as the Board may deem fair and equitable. However, the Fund has made an election pursuant to Rule 18f-1 under the 1940 Act requiring that all redemptions be effected in cash to each redeeming shareholder, during any period of 90 days, up to the lesser of \$250,000 or 1% of the net assets of the Fund. In addition, the Fund has adopted procedures regarding redemptions in-kind made by a shareholder who is an "affiliated person" of the Fund, as that term is defined in the 1940 Act. Pursuant to these procedures, a redemption request by an affiliated shareholder that is satisfied in whole or in part by an in-kind distribution will be effected on a pro rata basis based on the Fund's then current net assets. The procedures apply to redemption requests made by an affiliated shareholder, during any period of 90 days, in excess of \$2,000,000. The Fund may also apply these procedures to redemption requests under \$2,000,000; however, the Fund does not intend to make a practice of redeeming shares in kind with respect to redemption requests under \$2,000,000. A shareholder who receives a distribution in kind may incur a brokerage commission upon a later disposition of such securities. For federal income tax purposes, redemptions in kind are taxed in the same manner as redemptions made in cash. In addition, sales of in-kind securities may generate taxable gains.

FEDERAL INCOME TAXES

The following is a summary of selected federal income tax considerations that may affect the Fund and its shareholders. This summary does not purport to be complete or to deal with all aspects of federal income taxation that may be relevant to shareholders in light of their particular circumstances. This discussion is based upon present provisions of the Internal Revenue Code of 1986, as amended (the "Code"), the regulations promulgated thereunder, and judicial and administrative ruling authorities, all of which are subject to change, which change may be retroactive. This summary is not intended as a substitute for individual tax advice and investors are urged to consult their own tax advisors as to the federal, state and local tax consequences to them of an investment in the Fund.

Taxation of the Fund

The Fund has qualified for the fiscal year ended August 31, 2018 and intends to continue to qualify as a regulated investment company (“RIC”) under subchapter M of the Code. As a RIC, the Fund generally will not be subject to federal income tax on its investment company taxable income (as that term is defined in the Code, determined without regard to the deduction for dividends paid) and net capital gain (the excess of net realized long-term capital gain over net realized short-term capital loss), if any, that it distributes to its shareholders, provided that it distributes at least 90% of its investment company taxable income for the taxable year. All investment company taxable income and net capital gain distributed by the Fund will be reinvested automatically in additional shares of the Fund at net asset value, unless the shareholder elects to receive dividends and distributions in cash. The Fund intends to comply with the 90% distribution requirement described above in order to avoid being subject to federal income tax on its investment company taxable income and net capital gain that it distributes to its shareholders.

Qualification as a RIC requires, among other things, that the Fund: (a) derive at least 90% of its gross income from (i) dividends, interest, payments with respect to securities loans, gains from the sale or other disposition of stock, securities or foreign currencies, or other income (including but not limited to gains from options, futures or forward contracts) derived with respect to its business of investing in such stock, securities or currencies and (ii) net income derived from interests in certain publicly traded partnerships that are treated as partnerships for federal income tax purposes and that derive less than 90% of their gross income from the items described in (i) above (each a “Qualified Publicly Traded Partnership”); and (b) diversify its holdings so that, at the end of each quarter of each taxable year: (i) at least 50% of the value of the Fund’s assets is represented by cash, cash items, U.S. Government securities, securities of other RICs and other securities with such other securities limited, in respect of any one issuer, to an amount not greater than 5% of the value of the Fund’s assets and 10% of the outstanding voting securities of such issuer; and (ii) not more than 25% of the value of its assets is invested in the securities of any (I) one issuer (other than U.S. Government securities or the securities of other RICs), (II) two or more issuers that the Fund controls and that are determined to be engaged in the same, similar or related trades or businesses or (III) one or more Qualified Publicly Traded Partnerships.

If in any year the Fund should fail to qualify for tax treatment as a RIC, and is unable to obtain relief from such failure, the Fund would incur regular corporate federal income tax upon its income for that year, and distributions to its shareholders (including distributions of net capital gain) would be taxable to shareholders as ordinary dividend income for federal income tax purposes to the extent of the Fund’s current and accumulated earnings and profits. Such distributions generally would be eligible (i) for the dividends received deduction in the case of corporate shareholders and (ii) for treatment as “qualified dividend income” (as discussed below) in the case of individual shareholders.

The Fund will be subject to a non-deductible 4% excise tax to the extent that the Fund does not distribute by the end of each calendar year an amount at least equal to the sum of: (a) 98% of its ordinary income for such calendar year; (b) 98.2% of its capital gain net income for the one-year period ending, as a general rule, on October 31 of such year; and (c) 100% of the undistributed income and gains from the preceding calendar years (if any) pursuant to the calculations in (a) and (b). For this purpose, ordinary gains and losses from the sale, exchange, or other taxable disposition of property that would otherwise be taken into account for the portion of the calendar year after October 31 are treated as arising on January 1 of the following calendar year. In addition, any income or gain retained by the Fund that is subject to corporate tax will be considered to have been distributed by year-end. To the extent possible, the Fund intends to make sufficient distributions as are necessary to avoid the imposition of this excise tax.

The Fund may engage in hedging or derivatives transactions involving foreign currencies, forward contracts, options and futures contracts (including options, futures and forward contracts on foreign currencies) and short sales. Such transactions will be subject to special provisions of the Code that, among other things, may affect the character of gains and losses realized by the Fund (that is, may affect whether gains or losses are ordinary or capital), accelerate recognition of income of the Fund and defer recognition of the Fund’s losses. These rules could therefore affect the character, amount and timing of distributions to shareholders. In addition, these provisions (1) will require the Fund to “mark-to-market” certain types of positions in its portfolio (that is, treat them as if they were closed out) and (2) may cause the Fund to recognize income without receiving cash with which to pay dividends or make distributions in amounts necessary to satisfy the distribution requirement for RIC qualification and avoid both the corporate level tax and the 4% excise tax. The Fund intends to monitor its transactions, will make the appropriate tax elections and will make the appropriate entries in its books and records when it acquires any option, futures contract, forward contract or hedged investment in order to mitigate the effect of these rules.

If the Fund purchases shares in a “passive foreign investment company” (a “PFIC”), the Fund may be subject to federal income tax on a portion of any “excess distribution” or gain from the disposition of such shares even if such income is distributed as a taxable dividend by the Fund to its shareholders. Additional charges in the nature of interest may be imposed on the Fund in respect of deferred taxes arising from such distributions or gains. If the Fund were to invest in a PFIC and elected to treat the PFIC as a “qualified electing fund” under the Code (a “QEF”), in lieu of the foregoing requirements, the Fund would be required to include in income each year a portion of the ordinary earnings and net capital gain of the QEF, even if not distributed to the Fund. Alternatively,

the Fund can elect to mark-to-market at the end of each taxable year its shares in a PFIC; in this case, the Fund would recognize as ordinary income any increase in the value of such shares, and as ordinary loss any decrease in such value to the extent it did not exceed prior increases included in income. Under either election, the Fund might be required to recognize in a year income in excess of its distributions from PFICs and its proceeds from dispositions of PFIC stock during that year, and such income would nevertheless be subject to the 90% and excise tax distribution requirements. Dividends paid by PFICs will not be treated as qualified dividend income.

Tax Status of the Fund's Investments

Investments by the Fund in zero coupon or other discount securities will generally result in income to the Fund equal to a portion of the excess of the face value of the securities over their issue price (the "original issue discount") each year that the securities are held, even though the Fund receives no cash interest payments. This income is included in determining the amount of income which the Fund must distribute to maintain its status as a RIC and to avoid the payment of federal income tax and the 4% excise tax. Because such income may not be matched by a corresponding cash distribution to the Fund, the Fund may be required to borrow money or dispose of other securities to be able to make distributions to its shareholders.

Gain or loss on the sale or other disposition of Fund investments will generally be long-term capital gain or loss if the Fund has held the security for more than one year. Gain or loss on the sale of a security held for one year or less will generally be short-term capital gain or loss. If the Fund acquires a debt security at a discount, any gain upon the sale or redemption of the security, to the extent it reflects accrued market discount not previously included in income, may be taxed as ordinary income, rather than capital gain.

Under Section 988 of the Code, gains or losses attributable to fluctuations in exchange rates between the time the Fund accrues income or receivables or expenses or other liabilities denominated in a foreign currency and the time the Fund actually collects such income or receivables or pays such expenses or liabilities are generally treated as ordinary income or loss. Similarly, gains or losses on foreign currency forward contracts and the disposition of debt securities denominated in a foreign currency, to the extent attributable to fluctuations in exchange rates between the acquisition and disposition dates, are also treated as ordinary income or loss.

Foreign countries may impose withholding and other taxes on dividends and interest paid to the Fund with respect to investments in foreign securities. However, certain foreign countries have entered into tax treaties with the U.S. to reduce or eliminate such taxes. Shareholders will generally not be entitled to claim a credit or deduction with respect to foreign taxes paid by the Fund.

Taxation of Shareholders

Distributions of investment company taxable income paid out of the Fund's current or accumulated earnings and profits ("income dividends") will, except in the case of dividends attributable to qualified dividend income, discussed below, be taxable to shareholders as ordinary income for federal income tax purposes, whether paid in cash or reinvested in additional shares. Distributions of income dividends reported by the Fund as derived from qualified dividend income will be taxed in the hands of individuals at the rates applicable to long-term capital gain, provided holding period and other requirements are met by both the Fund and the shareholder. Qualified dividend income generally includes dividends received from domestic corporations and dividends received from foreign corporations that meet certain specified criteria. The Fund generally can pass the tax treatment of qualified dividend income it receives through to Fund shareholders. A dividend will not be treated as qualified dividend income (at either the Fund or shareholder level) (1) if the dividend is received with respect to any share held for fewer than 61 days during the 121-day period beginning on the date which is 60 days before the date on which such share becomes ex-dividend with respect to such dividend (or in the case of certain preferred stock, 91 days during the 181-day period beginning on the date which is 90 days before such date); (2) to the extent that the recipient is under an obligation to make related payments with respect to positions in substantially similar or related property; or (3) if the recipient elects to have the dividend treated as investment income for purposes of the limitation on deductibility of investment interest.

In addition, income dividends received by corporate shareholders will be eligible for the dividends received deduction to the extent of qualifying dividends received by the Fund from domestic corporations for the taxable year. A dividend received by the Fund will not be treated as a qualifying dividend (1) if it has been received with respect to any share of stock that has been held by the Fund for fewer than 46 days during the 91-day period beginning on the date which is 45 days before the date on which such share becomes ex-dividend with respect to such dividend (or in the case of certain preferred stock, 91 days during the 181-day period beginning on the date which is 90 days before such date); (2) to the extent that the Fund is under an obligation to make related payments with respect to positions in substantially similar or related property; or (3) to the extent the stock on which the dividend is paid is treated as debt-financed. Moreover, the dividends received deduction may be disallowed or reduced if the corporate shareholder fails to satisfy the foregoing requirements with respect to its shares of the Fund. The amount of any dividends eligible for the corporate dividends received deduction or derived from qualified dividend income, if any, will be reported by the Fund in a written notice within 60 days of the close of the Fund's taxable year.

Distributions of net capital gain that are properly reported by the Fund (“capital gain dividends”) will be taxable to shareholders as long-term capital gain regardless of the length of time the investor has held shares in the Fund, and such distributions will not be eligible for the dividends received deduction. In the case of non-corporate shareholders, capital gain dividends are currently taxed at a maximum rate of 20%. With respect to corporate taxpayers, long-term capital gain currently is taxed at the same federal income tax rates as ordinary income and short-term capital gain. Not later than 60 days after the close of its taxable year, the Fund will provide its shareholders with a written notice reporting the amounts of any income dividends or capital gain dividends.

Distributions by the Fund in excess of the Fund’s current and accumulated earnings and profits will be treated as a return of capital to the extent of (and in reduction of) the shareholder’s tax basis in his or her shares. Any excess will be treated as gain from the sale of his or her shares, as discussed below.

Generally, shareholders will be taxed on dividends or distributions in the year of receipt. However, if the Fund declares a dividend in October, November or December to shareholders of record on a specified date in such a month which is paid during the following January, it will be treated as paid by the Fund and will be taxable to shareholders in the year the dividend is declared.

The redemption of shares of the Fund is a taxable event and may result in a gain or loss. Gain or loss, if any, recognized on the redemption or other disposition of Fund shares will be taxed as capital gain or loss if the shares are capital assets in the shareholder’s hands. Generally, a shareholder’s gain or loss will be a long-term gain or loss if the shares have been held for more than 12 months. The maximum tax rate on long-term capital gains of individuals is currently 20%. If a shareholder redeems or otherwise disposes of shares of the Fund before holding them for more than six months, any loss on the redemption or other disposition of such shares shall be treated as a long-term capital loss to the extent of any capital gain dividends received by the shareholder with respect to such shares. A loss realized on a redemption or other disposition of shares may be disallowed if replacement shares are acquired (including through reinvestment of dividends) within a 61-day period beginning 30 days before and ending 30 days after the date that the shares are disposed of. In such case, the basis of the replacement shares will be adjusted to reflect the disallowed loss.

The Fund may be required to withhold federal income tax (“backup withholding”) from dividends and redemption proceeds paid to shareholders. This tax may be withheld from dividends if: (i) the payee fails to furnish the Fund with the payee’s correct taxpayer identification number (e.g., an individual’s social security number); (ii) the Internal Revenue Service (“IRS”) notifies the Fund that the payee has failed to report properly certain interest and dividend income to the IRS and to respond to notices to that effect; or (iii) when required to do so, the payee fails to certify that he or she is not subject to backup withholding. Redemption proceeds may be subject to withholding under the circumstances described in (i) above. In the case of foreign shareholders, this tax may be withheld if the foreign shareholder does not certify his foreign status under penalties of perjury. Backup withholding is not an additional tax, and any amount withheld may be credited against the shareholder’s federal income tax liability.

Income dividends (but not capital gain dividends) paid to shareholders who are non-resident aliens or foreign entities will generally be subject to a 30% United States withholding tax, unless (i) a reduced rate of withholding or a withholding exemption is provided under applicable treaty law or (ii) the dividends are effectively connected with the shareholder’s conduct of a United States trade or business and the shareholder complies with the applicable certification requirements. This withholding tax will not apply, however, to the extent that the dividends are paid out of “portfolio interest” income or short-term capital gains that would not have been subject to such withholding tax had they been received directly by a foreign person, provided the Fund properly reports such dividends as exempt from withholding tax. Non-resident shareholders are urged to consult their own tax advisers concerning the applicability of the United States withholding tax.

Under U.S. Treasury regulations, if a shareholder recognizes a loss with respect to shares of \$2 million or more for an individual shareholder or \$10 million or more for a corporate shareholder in any single taxable year (or a greater loss over a combination of years), the shareholder must file with the IRS a disclosure statement on Form 8886. Direct shareholders of portfolio securities are in many cases excepted from this reporting requirement, but under current guidance, shareholders of a RIC are not excepted. Future guidance may extend the current exception from this reporting requirement to shareholders of most or all RICs. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer’s treatment of the loss is proper. Shareholders should consult their tax advisers to determine the applicability of these regulations in light of their individual circumstances.

Under the Foreign Account Tax Compliance Act (“FATCA”), the relevant withholding agent may be required to withhold 30% of any dividends paid to (i) a foreign financial institution unless such foreign financial institution agrees to verify, report and disclose certain of its U.S. accountholders and meets certain other specified requirements or (ii) a non-financial foreign entity that is the beneficial owner of the payment unless such entity certifies that it does not have any substantial United States owners or provides the name, address and taxpayer identification number of each substantial United States owner and such entity meets certain other specified requirements. These requirements are different from, and in addition to, the foreign status certification requirements described above. In addition, an intergovernmental agreement between the United States and an applicable foreign country may modify these requirements.

The foregoing is intended to be general information to shareholders and potential investors in the Fund and does not constitute tax advice. Shareholders and potential investors are urged to consult their own tax advisers regarding federal, state, local and, if applicable, foreign tax consequences of an investment in the Fund.

DIVIDENDS AND DISTRIBUTIONS

If a shareholder elects to receive dividends and/or distributions in cash and the check cannot be delivered to a shareholder due to an invalid address or otherwise remains uncashed by the shareholder for a period of six (6) months, the Fund reserves the right to reinvest the dividends and/or distribution in a shareholder's account at the then-current net asset value and to convert the shareholder's election to automatic reinvestment in shares of the Fund from which the distributions were made. Dividends and capital gain distributions are reinvested automatically in additional shares of the Fund at the net asset value next determined after the record date and such shares are automatically credited to a shareholder's account, unless the Transfer Agent or the Fund is informed by notice that a shareholder wishes to receive such dividends or distributions in cash. The shareholder may change such distribution option at any time by notification to the Transfer Agent prior to the record date of any such dividend or distribution. See "Buying Shares" in the Prospectus.

COST BASIS REPORTING

The Fund is required to report to the IRS the cost basis of shares acquired by certain shareholders on or after January 1, 2012 ("covered shares") when the shareholder sells or redeems such shares. These requirements do not apply to shares held through a tax-deferred arrangement, such as a 401(k) plan or an IRA or to shares held by tax-exempt organizations, financial institutions, corporations (other than S corporations), banks, credit unions and certain other governmental bodies. Shares acquired before January 1, 2012 ("non-covered shares") are treated as if held in a separate account from covered shares. The Fund is not required to determine or report a shareholder's cost basis in non-covered shares and is not responsible for the accuracy and reliability of any information provided for non-covered shares.

The cost basis of a share is generally its purchase price adjusted for distributions, returns of capital and other corporate actions. Cost basis is used to determine whether the sale or redemption of a share results in a capital gain or loss. If you sell or redeem covered shares during any year, then the Fund will report the gain or loss, cost basis, and holding period of such covered shares to the IRS and you on Form 1099.

A cost basis method is the method by which the Fund determines which specific covered shares are deemed to be sold or redeemed when a shareholder sells or redeems less than its entire holding of Fund shares and has made multiple purchases of Fund shares on different dates at differing net asset values. If a shareholder does not affirmatively elect a cost basis method, the Fund will use the average cost method, which averages the basis of all Fund shares in an account regardless of holding period, and shares sold or redeemed are deemed to be those with the longest holding period first. Each shareholder may elect in writing (and not over the telephone) any alternate IRS-approved cost basis method to calculate the cost basis in its covered shares. The default cost basis method applied by the Fund or the alternate method elected by a shareholder may not be changed after the settlement date of a sale or redemption of Fund shares.

If you hold Fund shares through a broker (or another nominee), please contact that broker or nominee with respect to the reporting of cost basis and available elections for your account.

You are encouraged to consult your tax adviser regarding the application of these cost basis reporting rules and, in particular, which cost basis calculation method you should elect.

ANNUAL AND SEMI-ANNUAL REPORTS

The Fund sends its shareholders a semi-annual report and an audited annual report, which include listings of investment securities held by the Fund at the end of the period covered. In an effort to reduce the Fund's printing and mailing costs, the Fund consolidates the mailing of its semi-annual and annual reports by household. This consolidation means that a household having multiple accounts with the identical address of record will receive a single copy of each report. In addition, the Fund also consolidates the mailing of its Prospectus so that a shareholder having multiple accounts (that is, individual, IRA and/or self-employed retirement plan accounts) will receive a single Prospectus annually. Shareholders who do not want this consolidation to apply to their accounts should contact their Service Agent or the Transfer Agent. Annual reports include audited financial statements. Shareholders will receive a Statement of Account following each share transaction. Shareholders can write or call the Fund at the address and telephone numbers on the first page of this SAI with any question relating to their investment in Fund shares.

CAPITAL STOCK

The authorized capital stock of the Fund consists of 15,000,000 shares having a par value of \$0.01 per share. All shares are of the same class, with like rights and privileges. Each share is entitled to one vote and participates equally in fund dividends and distributions and in its net assets on liquidation. Each shareholder is entitled to cast, at all meetings of shareholders, such number of votes as is equal to the number of full and fractional shares held by such shareholder. Except as required under the 1940 Act, there will not be a regularly scheduled annual meeting of shareholders. The shares are fully paid and non-assessable when issued and have no preference, pre-emptive, conversion or exchange rights. There are no options or other special rights outstanding relating to any such shares.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Cohen & Company, Ltd., 1350 Euclid Avenue, Suite 800, Cleveland, Ohio 44115, serves as the independent registered public accounting firm to the Fund.

COUNSEL

Simpson Thacher & Bartlett LLP serves as Fund counsel and is located at 900 G Street, NW, Washington, D.C. 20001.

Stradley Ronon Stevens & Young, LLP serves as counsel to the Independent Directors and is located at 2600 One Commerce Square, Philadelphia, Pennsylvania 19103.

FINANCIAL STATEMENTS

The audited financial statements of the Fund (Statement of Assets and Liabilities as of August 31, 2018, including the Schedule of Investments, Statement of Operations for the year ended August 31, 2018, Statements of Changes in Net Assets for each of the two years in the period ended August 31, 2018, Financial Highlights for each of the five years in the period ended August 31, 2018, and Notes to Financial Statements along with the Report of Independent Registered Public Accounting Firm, each of which is included in the Annual Report to Shareholders of the Fund) are incorporated by reference into this SAI.