June 1, 2026

Disclosure Brochure

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This brochure provides information about the qualifications and business practices of Hilton Capital Management, LLC. If you have any questions about the contents of this brochure, please contact Ann Keitner, the firm's Chief Compliance Officer, at (516) 693-5380. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state with state securities authority. Additional information about Hilton Capital Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov. Hilton Capital Management, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 30, 2026, we have the following material changes to report:

- Effective June 1, 2026, the Firm relocated its principal office to 1050 Franklin Avenue, 5th Floor, Garden City, NY 11530. This change does not affect the Firm’s ownership, management, or the advisory services offered to clients.
- On April 15, 2026, we announced a new Chief Executive Officer, Jefrey Seeley. Also as of April 15, 2026, Craig O’Neill transitioned from Chief Executive Officer to the role of Executive Chairman.

Item 3. Table of Contents

Item 4. Advisory Business

Structure; History and Ownership

Hilton Capital Management, LLC ("Hilton Capital Management," the "firm," or "we") has been doing business as an SEC-registered investment adviser since January 2002. Hilton Capital Management seeks to preserve its clients' capital and build sustainable wealth. The firm is organized as a New York limited liability company, with its principal place of business in Garden City, New York.

The principal owner of the firm is Rafferty Holdings, LLC. Rafferty Holdings, LLC is owned by Michael Rafferty and Kathleen Rafferty Hay.

As of December 31, 2025, Hilton Capital Management had $1,479,145,650 of discretionary regulatory assets under management and $1,682,837,961 of non-discretionary regulatory assets under management.

This brochure describes the business of Hilton Capital Management and certain of its affiliates. Certain sections will also describe the activities of "Supervised Persons". "Supervised Persons" are any of Hilton Capital Management's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Hilton Capital Management's behalf and is subject to Hilton Capital Management's supervision or control.

Investment Management Services

Hilton Capital Management provides the majority of investment management services to its clients through separately managed accounts (each, a "client"). The majority of the firm's clients are high net worth individuals. However, the firm's investment management services generally fall within four categories. First, Hilton Capital Management provides direct investment management services to clients with whom the firm directly enters into investment advisory agreements. Second, Hilton Capital Management provides sub-advisory services to clients who are introduced to the firm by third-party platform providers. Third, Hilton Capital Management provides sub-investment advisory services to the Hilton Tactical Income Fund ("Tactical Income Fund"), which is a registered investment company pursuant to the Investment Company Act of 1940, the Hilton Small-MidCap Opportunity ETF ("SMCO"), which is a registered exchange traded fund listed on The Nasdaq Stock Market, LLC, and the Hilton BDC Corporate Bond ETF ("HBDC"), which is a registered exchange traded fund listed on The Nasdaq Stock Market, LLC. Finally, Hilton Capital Management provides model investment portfolios to third-party platform providers and independent investment managers for use with their underlying investors. Prior to engaging Hilton Capital Management to provide any of the foregoing investment management services, the client and/or the third-party platform provider is required to enter into one or more written agreements with Hilton Capital Management setting forth the terms and conditions under which Hilton Capital Management renders its investment advisory or sub-advisory services.

Clients can engage Hilton Capital Management to manage all or a portion of their assets on a discretionary basis. Hilton Capital Management primarily allocates clients' investment management assets among master limited partnerships ("MLPs"), real estate investment trusts ("REITs"), individual debt and equity securities, collective investment vehicles (such as ETFs and mutual funds) and options in accordance with the investment objectives of the client. However, Hilton Capital Management also may provide advice about any type of investment held in clients' portfolios.

In regards to those clients with whom the firm establishes a direct relationship, Hilton Capital Management tailors its advisory services to the individual needs of such clients. Hilton Capital Management consults with these clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. In regards to those clients with whom the firm establishes an indirect relationship through a third-party platform provider, Hilton Capital Management offers the Hilton Tactical Income Strategy. With respect to Hilton Capital Management's model portfolios, the relevant third-party platform or independent investment manager utilizes such model portfolios for its investment accounts but maintains complete discretion over such accounts from an investment and trading perspective. In such circumstances, Hilton Capital Management maintains an agreement with the relevant third-party platform provider or independent investment manager, but not with the underlying investors. See *Sub-Advisory Services* and *Methods of Analysis, Investment Strategies and Risk of Loss – Investment Strategies* under Item 8.

Clients with whom the firm has a direct relationship are advised to promptly notify Hilton Capital Management if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Hilton Capital Management's management services. Clients may impose reasonable restrictions or mandates on the management of their account (*e.g.*, require that a portion of their assets be invested in socially responsible funds) if, in Hilton Capital Management's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

Sub-Advisory Services

Hilton Capital Management offers its Tactical Income, Small & Mid Cap Opportunities, Dividend & Yield, and Efficient Tactical Income strategies (see *Methods of Analysis, Investment Strategies and Risk of Loss – Investment Strategies* under Item 8) to clients of various platform providers with whom the firm has established an investment advisory relationship, including sub-advisory services to wrap fee platforms sponsored by independent third parties.

Management of Investment Vehicles

Hilton Capital Management is the sub-advisor to the Tactical Income Fund, SMCO, and HBDC. Rafferty Asset Management, LLC, an affiliate of Hilton Capital Management, is the investment manager of the Tactical Income Fund. Tidal Investments LLC is the investment manager to SMCO and HBDC and is not affiliated with Hilton Capital Management. The investment objectives, risk factors and all other relevant terms and information with respect to the Tactical Income Fund, SMCO, and HBDC. are described in their respective offering documents.

Hilton Capital Management will devote its best efforts with respect to its management of its clients' assets. Hilton Capital Management may give advice or take action with respect to one of its clients that differs from its advice and actions with respect to another client. Unlike the firm's separately managed accounts, we do not tailor the investment strategies of the Tactical Income Fund, SMCO, or HBDC, respectively, to the needs of individual investors. To the extent that a particular investment is suitable for more than one client, and subject to the investment limitations applicable to such clients, investments will be allocated among the firm's client accounts in accordance with Hilton Capital Management's written policies and procedures and in a manner which Hilton Capital Management determines is fair and equitable under the circumstances to such clients taking into consideration the client-directed and contractually obligated custodians that are traded through on behalf of numerous clients. For further information about the firm's trade aggregation policies see Item 12 under the heading *Brokerage Practices – Aggregation*.

The investment strategies we employ on behalf of our clients, including the Tactical Income Fund, SMCO and HBDC, are described in greater detail below at Item 8.

Item 5. Fees and Compensation

Hilton Capital Management generally offers its investment management services in exchange for management fees that are based upon the applicable client's assets under management.

Management Fee

Hilton Capital Management may provide investment management services to separately managed accounts for a management fee based upon a percentage of the market value of the assets being managed by Hilton Capital Management with respect to such separately managed accounts. The annual fee rate varies (between 0.12% and 1.25%), depending upon the market value of the assets under management and the type of investment management services to be rendered. Hilton Capital Management's annual fee is exclusive of, and in addition to, brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Hilton Capital Management does not, however, receive any portion of these commissions, fees and costs. Hilton Capital Management's management fee is charged quarterly, in arrears, based upon the market value of the assets being managed by Hilton Capital Management with respect to a separately managed account as of the last day of the previous quarter. If an account is terminated, Hilton Capital Management's management fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Certain clients pay management fees to the third-party platform providers or other sponsors affiliated with their account in accordance with such parties' fee schedules, a portion of which is remitted to Hilton Capital Management.

The management fees charged by the Tactical Income Fund, SMCO, and HBDC, as well as all other relevant expenses, are described in each of their respective offering documents.

The compensation described above represents our typical rates. However, management fee rates may be negotiable.

The compensation payable by our clients is generally deducted from the assets of the clients' accounts and paid to us in accordance with the procedures described in Item 15.

Additional Expenses

Clients may incur certain charges imposed by the broker-dealers, custodians and other third parties maintaining and providing services to their accounts, such as custodial fees and brokerage commissions. In addition, to the extent a client's account is invested in underlying collective investment vehicles (such as ETFs and mutual funds), such vehicles may also impose fees and charges, which are disclosed in such vehicles' offering documents. For example, such vehicles may charge management fees. performance fees and other fund expenses. Likewise, such vehicles may charge deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Item 6. Side-By-Side Management

Because Hilton Capital Management has multiple clients, at times it may need to allocate investment opportunities of limited availability across its clients' accounts. In such situations, some accounts may offer higher management fee potential than others.

To ensure equitable treatment of all clients irrespective of such fee considerations, Hilton Capital Management has adopted an allocation policy that sets out the criteria for determining allocations, the most important of which are investment objective and strategy, existing portfolio composition and available liquidity. For a copy of Hilton Capital Management's allocation policy, please contact the firm's Chief Compliance Officer at the number or address listed on the cover of this brochure.

Item 7. Types of Clients

Hilton Capital Management provides its investment management services to individuals, taxable and tax-exempt entities, state and municipal funds, third-party investment platforms and wrap fee accounts. Any qualified investors may invest in the Tactical Income Fund, SMCO, or HBDC, in each case, sub-advised by the firm.

Minimum Account Size

Hilton Capital Management generally imposes a minimum separately managed account size of $250,000. Hilton Capital Management, in its sole discretion, may accept clients with smaller portfolios. The minimum account size for the Tactical Income Fund, SMCO, and HBDC are described in their respective offering documents.

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

Investment Strategies, Methods of Analysis and Risk of Loss

Tactical Income Strategy. A majority of Hilton Capital Management's managed account clients are invested in accordance with the "Hilton Tactical Income Strategy." This strategy utilizes a disciplined approach that seeks income by creating portfolios that include MLPs, REITs and equities. Portfolios will be split along product lines and will stress diversification of assets. While growth may occur, the major focus is seeking to generate income greater than is available in an intermediate fixed-income portfolio.

Dividend and Yield Strategy. Our "Dividend and Yield Strategy" or "DIVYS" uses the strengths of our primary Hilton Tactical Income Strategy's income oriented approach to develop a global portfolio of largely dividend paying equities. This strategy is designed for the investor who seeks to have exposure to global equities with an emphasis on dividend yield. One of key attributes of the strategy is that we seek to deliver a competitive yield by investing in the sectors of the market that closely mirror the drivers of United States gross domestic product in any given year.

Small & Mid Cap Opportunities Strategy. The "Hilton Small & Mid Cap Opportunities Strategy" is a disciplined value-oriented approach, investing predominantly in domestic small and mid-cap equities. Capital appreciation is the primary focus, with considerable attention paid to diversification and risk exposure. This strategy is designed for investors seeking exposure to small and mid-cap equities with a tolerance for the risk inherent in smaller stocks.

Efficient Tactical Income strategy ("ETI") will incorporate passive and non-passive funds to replicate the asset allocation process of the Hilton Tactical Income strategy. ETI seeks to deliver a consistent level of income while focusing on capital preservation. The Hilton investment team will invest in passively managed exchange traded funds (ETFs), and other funds, to construct a diversified portfolio which seeks to achieve a superior risk-adjusted rate of return. The ETI strategy will invest in funds that include common & preferred stock, MLPs, REITs, and a wide variety of debt instruments.

Hilton BDC Corporate Bond ETF. The Hilton BDC Corporate Bond ETF ("HBDC" or the "Fund") is an exchange-traded fund ("ETF") that uses a "passive management" (or indexing) approach to track the performance, before fees and expenses, of the the Solactive Hilton Capital BDC Corporate Bond TR Index (the “Index”). Under normal circumstances, the Fund will invest at least 80% of its net assets, plus borrowings for investment purposes, in the component securities that make up the Index. The Fund will concentrate its investments in a particular industry or group of industries (i.e., hold more than 25% of its total assets in the securities of a particular industry or group of related industries), to approximately the same extent as the Index is so concentrated.

Risk Factors

Risks Related to the Investment Advisory Business

Risks of Loss. The profitability of Hilton Capital Management’s recommendations depends upon correctly assessing the future course of price movements of stocks, bonds and other financial instruments. There can be no assurance that Hilton Capital Management will be able to predict those price movements accurately. Investing in securities involves the risk of loss. Clients should be prepared to bear such loss. A full description of the market and other risks for the Tactical Income Fund, SMCO, and HBDC are set forth in their respective offering documents.

Regulatory Risk. Clients are subject to the risk that a change in U.S. law and related regulations will impact the way the firm manages investments on behalf of its clients, increase the particular costs of the clients’ account operations and/or change the competitive landscape.

Cybersecurity Risks. Hilton Capital Management’s information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Hilton Capital Management has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Hilton Capital Management may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Hilton Capital Management’s operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to clients (and the beneficial owners of clients). Such a failure could harm Hilton Capital Management’s reputation or subject it or its affiliates to legal claims and otherwise affect their business and financial performance. Additionally, any failure of Hilton Capital Management’s information, technology or security systems could have an adverse impact on its ability to manage its clients’ assets.

Epidemic or Pandemic Outbreak. An epidemic or pandemic outbreak and reactions to such outbreaks could cause uncertainty in markets and businesses, including Hilton Capital Management’s business, and may adversely affect the performance of the global economy, including market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. Hilton Capital Management has policies and procedures to address known situations but because a large epidemic or pandemic may create significant market and business uncertainties and disruptions, not all events that could affect Hilton Capital Management’s business and/or the markets can be determined and addressed in advance.

Risks Related to the Firm’s Investment Strategies

Depositary Receipt Risk. To the extent a client account invests in foreign companies, the client’s investment may be in the form of depositary receipts or other securities convertible into securities of foreign issuers including American Depositary Receipts (“ADRs”), European Depositary Receipts (“EDRs”), and Global Depositary Receipts (“GDRs”). While the use of ADRs, EDRs and GDRs, which are traded on exchanges and represent ownership in a foreign security, provide an alternative to directly purchasing the underlying foreign securities in their respective national markets and currencies, investments in ADRs, EDRs, and GDRs continue to be subject to certain of the risks associated with investing directly in foreign securities, such as political and exchange rate risks.

Preferred Stock Risk. A preferred stock is a blend of the characteristics of a bond and common stock. It may offer the higher yield of a bond and has priority over common stock in equity ownership, but it does not have the seniority of a bond and, unlike common stock, its participation in the issuer's growth may be limited. Preferred stock has preference over common stock in the receipt of dividends or in any residual assets after payment to creditors should the issuer be dissolved. Preferred stock is subject to many of the risks associated with debt instruments, including interest rate risk. As interest rates rise, the value of preferred stocks are likely to decline. In addition, preferred stocks may not pay a dividend; an issuer may suspend payment of dividends on preferred stocks at any time; and in certain situations an issuer may call or redeem its preferred stock or convert it to common stock.

Energy Sector Risk. If a client account invests in MLPs, it will primarily invest in energy MLPs. These MLPs are subject to risks specific to the energy sector including, but not limited to the following:

- The energy sector is highly regulated. MLPs operating in the energy sector are subject to significant regulation of virtually every aspect of their operations by federal, state and local governmental agencies, including how facilities are constructed, maintained and operated, environmental and safety controls, and the prices they may charge for the products and services they provide.
- MLPs in the energy sector may be affected by fluctuations in the prices of energy commodities, including natural gas, natural gas liquids, crude oil and coal.
- MLPs engaged in the exploration, development, management or production of energy commodities are at risk of the natural resources depleting over time, which may cause the market value of the MLP to decline over time.
- MLPs operating in the energy sector may be adversely affected by reductions in the supply or demand for energy commodities.
- MLPs in the energy sector may be subject to various operational risks, such as disruption of operations, inability to timely and effectively integrate newly acquired assets, unanticipated operation and maintenance expenses, underestimated cost projections, and other risks arising from specific business strategies.
- Rising interest rates could adversely impact the financial performance of these companies by increasing their costs of capital, which may reduce an MLP's ability to execute acquisitions or expansion projects in a cost-effective manner.
- Extreme weather or other natural disasters could adversely impact the value of the debt and equity securities of the MLPs operating in the energy sector.
- Threats of attacks by terrorists on energy assets could impact the market for MLPs operating in the energy sector.
- If a significant accident or event occurs and an MLP is not fully insured, it could adversely affect the MLP's operations and financial condition and the securities issued by the MLP.

Equity Securities Risk. Investments in publicly issued equity securities, including common stocks, in general are subject to market risks that may cause their prices to fluctuate over time. Fluctuations in the value of equity securities in which a client account invests will cause the value of the client's portfolio to fluctuate.

Foreign Securities Risk. Investing in foreign instruments may involve greater risks than investing in domestic instruments. A client account's returns and net asset value may be affected to a large degree by fluctuations in currency exchange rates, political, diplomatic or economic conditions and regulatory requirements in other countries. The laws and accounting, auditing, and financial reporting standards in foreign countries typically are not as strict as they are in the U.S., and there may be less public information available about foreign companies.

Market Risk. Each client account is subject to market risks that can affect its value. These risks include political, regulatory, market and economic developments, including developments that impact specific economic sectors, industries or segments of the market. Turbulence in financial markets and reduced liquidity in equity, credit and fixed income markets may negatively affect many issuers worldwide, which could have an adverse effect on a client's account.

MLP Risk. Investments in common units of MLPs involve risks that differ from investments in common stock. Holders of MLP common units are subject to certain risks inherent in the structure of MLPs, including (i) tax risks, (ii) risk related to limited control of management or the general partner or managing member, (iii) limited rights to vote on matters affecting the MLP, except with respect to extraordinary transactions, (iv) conflicts of interest between the general partner or managing member and its affiliates, on the one hand, and the limited partners or members, on the other hand, including those arising from incentive distribution payments or corporate opportunities, and (v) cash flow risks. MLP common units and other equity securities can be affected by macro-economic and other factors affecting the stock market in general, expectations of interest rates, investor sentiment towards MLPs or the energy sector, changes in a particular issuer's financial condition, or unfavorable or unanticipated poor performance of a particular issuer (in the case of MLPs, generally measured in terms of distributable cash flow). Prices of common units of individual MLPs and other equity securities also can be affected by fundamentals unique to the partnership or company, including cash flow growth, cash generating power and distribution coverage.

Credit Risk. A client could lose money if the issuer or guarantor of a debt security held by a client goes bankrupt or is unable or unwilling to make interest payments and/or repay principal. Changes in an issuer's financial strength or in an issuer's or debt security's credit rating also may affect a security's value and thus have an impact on a client account's value and performance.

Debt Instrument Risk. The value of debt instruments may increase or decrease as a result of the following:

- market fluctuations, changes in interest rates, actual or perceived inability of issuers, guarantors, or liquidity providers to make scheduled principal or interest payments or illiquidity in debt securities markets;
- the risk of low rates of return due to reinvestment of securities during periods of falling interest rates or repayment by issuers with higher coupon or interest rates; and/or
- the risk of low income due to falling interest rates.

To the extent that interest rates rise, certain underlying obligations may be paid off substantially slower than originally anticipated and the value of those securities may fall. Changes in interest rates will likely have a greater impact on the value of debt instruments that have a longer duration. Returns on investments in debt instruments may trail the returns on other investment options, including investments in equity securities.

Early Close/Trading Halt Risk. An exchange or market may close or issue trading halts on specific securities, or the ability to buy or sell certain securities or financial instruments may be restricted, which may result in a client being unable to buy or sell certain securities or financial instruments. In such circumstances, a client may be unable to rebalance its portfolio, may be unable to accurately price its investments and/or may incur substantial trading losses.

Exchange-Traded Note Risk. The value of an exchange-traded note may be influenced by time to maturity, level of supply and demand for the exchange-traded note, volatility and lack of liquidity in the underlying securities' markets, changes in the applicable interest rates, changes in the issuer's credit rating and economic, legal, political or geographic events that affect the referenced index. In addition, exchange traded notes are unsecured debt of the issuer and would lose value if the issuer goes bankrupt.

High Yield Debt Securities Risk. A client's account may invest a portion of its assets in securities rated below investment grade, otherwise known as "junk bonds." Junk bonds may be sensitive to economic changes, political changes, or adverse developments specific to their issuers. These securities generally involve greater risk of default or price changes than other types of fixed-income securities and performance may vary significantly as a result. Junk bonds may be illiquid and their values can have significant volatility and may decline significantly over short periods of time.

High-Yielding Dividend Stock Risk. A client's account may invest in stocks that pay high dividends. These stocks are often speculative, high risk investments. These companies may be paying out more earnings than they can support and may reduce their dividends or stop paying dividends at any time, which could have a material adverse impact on the stock price of these companies and materially impact performance.

Interest Rate Risk. Debt instruments have varying levels of sensitivity to changes in interest rates. In general, the price of a debt instrument or security will fall when interest rates rise and rise when interest rates fall. The U.S. is currently in a period of historically-low interest rates and it is unclear how much longer interest rates will remain at their current levels. Changes or volatility in interest rates may materially affect a client's account performance. The effect of increased interest rates is more pronounced for any intermediate-term or longer-term fixed income obligations. Recent events in the fixed-income market may expose clients to heightened interest rate risk and volatility.

Liquidity Risk. Some securities held by a client's account, including derivatives, may be difficult to sell or illiquid, particularly during times of market turmoil. Markets for securities or financial instruments could be disrupted by a number of events, including but not limited to, an economic crisis, natural disasters, new legislation or regulatory changes inside or outside the U.S. Illiquid securities also may be difficult to value. If a client is forced to sell an illiquid security at an unfavorable time or at a price that is lower than the firm's judgment of the security's true market value, the client may forfeit some of the value of its investment. Such a situation may prevent clients from limiting losses or realizing gains, thus materially affecting clients' account performance.

Money Market Instrument Risk. Client accounts may use a variety of money market instruments for cash management purposes, including money market funds, depositary accounts and repurchase agreements. Money market funds may be subject to credit risk with respect to the short-term debt instruments in which they invest. Depository accounts may be subject to credit risk with respect to the financial institution in which the depository account is held. Repurchase agreements are contracts in which a seller of securities agrees to buy the securities back at a specified time and price. Repurchase agreements may be subject to market and credit risk related to the collateral securing the repurchase agreement. There is no guarantee that money market instruments will maintain a stable value, and they may lose money.

Municipal Securities Risk. Municipal issuers are subject to unique factors affecting their ability to pay debt obligations. As such, investment in municipal securities carries additional risk. Changes in federal, state or local laws may make a municipal issuer unable to make interest payments when due. Municipal securities backed by current or anticipated revenues from a specific project or specific assets can be negatively affected by the inability to collect revenue for the project or from the assets. Moreover, an adverse interpretation of the tax status of municipal securities may make such securities decline in value.

Options Risk. There are significant differences between the securities and options markets that could result in an imperfect correlation between these markets which may result in the firm not achieving its intended results on behalf of a client with its use of options. There is no assurance that a liquid market will exist when we seek to close out an option position on behalf of our clients. The hours of trading for options may not conform to the hours during which the underlying securities are traded. To the extent the options markets close before the markets for the underlying securities, significant price and rate movements can take place in the underlying markets that cannot be reflected in the options markets. Additionally, the value of options can be affected by changes in the value and dividend rates of the underlying common stocks, an increase in interest rates, changes in the actual or perceived volatility of the stock market and the underlying common stocks and the remaining time to the options' expiration. Additionally, the exercise price of an option may be adjusted downward before the option's expiration as a result of the occurrence of events affecting the underlying equity security. A reduction in the exercise price of an option would reduce a client account's capital appreciation potential on the underlying security.

Other Investment Companies (including ETFs) Risk. The firm may invest in the securities of other investment companies on behalf of clients, including ETFs, which may involve duplication of advisory fees and certain other expenses. By investing in another investment company or ETF, a client becomes a shareholder of that investment company or ETF. As a result, the client indirectly bears its account's proportionate share of the fees and expenses paid by shareholders of the other investment company or ETF, in addition to the fees and expenses it will bear in connection with its account's operations. As a shareholder, a client must rely on the investment company or ETF to achieve its investment objective. A client's account performance may be magnified positively or negatively by virtue of its investment in other investment companies or ETFs. If the investment company or ETF fails to achieve its investment objective, the value of the fund's investment will not perform as expected, thus affecting the client's account performance. In addition, because closed-end investment companies and ETFs are listed on national stock exchanges and are traded like stocks on an exchange, their shares potentially may trade at a discount or a premium. Investments in such shares will be subject to brokerage and other trading costs, which will result in greater overall expenses to the client's account. Finally, because the value of closed-end investment company or ETF shares depends on the demand in the market, the firm may not be able to liquidate the client's account holdings in those shares at the most optimal price or time, adversely affecting the client's account performance.

BDC Exchange-Traded Fund Risk. The Hilton BDC Corporate Bond ETF ("HBDC" or the "Fund") seeks to passively track an index composed of senior unsecured bonds issued by SEC-registered Business Development Companies ("BDCs"). Because the Fund is concentrated in BDC debt, it is subject to sector-specific risks, including credit deterioration within BDC portfolios, changes in private-credit market conditions, and issuer-level leverage constraints. BDC bonds may be thinly traded, and certain holdings may experience limited liquidity, which can result in wider spreads or forced sales at unfavorable prices. As a fixed-income strategy, the Fund is also exposed to interest-rate risk, whereby bond values generally decline when rates rise and increase when rates fall. As a passive vehicle, the Fund does not attempt to mitigate market or issuer-specific risks and may experience tracking error due to index rebalancing, trading costs, or periods when the Fund holds securities not in the index. The Fund is non-diversified and may have larger exposures to a small number of issuers subject to a 10% issuer cap.

Prepayment Risk. Many types of debt securities are subject to prepayment risk, which is the risk that the issuer of the security will repay principal prior to the maturity date. Securities subject to prepayment can offer less potential for gains during a declining interest rate environment and similar or greater potential for loss in a rising interest rate environment. In addition, the potential impact of prepayment features on the price of a debt security can be difficult to predict and result in greater volatility.

Real Estate Investment Risk. Real estate securities are subject to risks similar to those associated with direct ownership of real estate, including changes in local and general economic conditions, vacancy rates, interest rates, zoning laws, rental income, property taxes, operating expenses and losses from casualty or condemnation. An investment in a REIT is subject to additional risks, including poor performance by the manager of the REIT, adverse tax consequences, and limited diversification resulting from being invested in a limited number or type of properties or a narrow geographic area.

REITs receive favorable tax treatment only if they meet certain conditions, including the requirement that they distribute at least 90% of their taxable income.

Small- and/or Mid-Capitalization Company Risk. Investing in the securities of small- and/or mid-capitalization companies, and securities that provide exposure to small- and/or mid-capitalization companies, involves greater risks and the possibility of greater price volatility than investing in more established, larger-capitalization companies. Small- and mid-capitalization companies often have narrower markets for their goods and/or services and more limited managerial and financial resources than larger, more-established companies. Furthermore, those companies often have limited product lines, services, markets and financial resources, and may be dependent on a small management group. In addition, because these stocks are not well known to the investing public, do not have significant institutional ownership and are followed by relatively few security analysts, there will normally be less publicly available information concerning these securities compared to what is available for the securities of larger companies. Adverse publicity and investor perceptions, whether based on fundamental analysis, can decrease the value and liquidity of securities held by a client's account. As a result, the performance of small- and/or mid-capitalization companies can be more volatile and they face greater risk of business failure, which could increase the volatility of the client's portfolio.

U.S. Government Securities Risk. A security backed by the U.S. Treasury or the full faith and credit of the United States is guaranteed only as to the timely payment of interest and principal when held to maturity. The market prices for such securities are not guaranteed and will fluctuate. In addition, because many types of U.S. government securities trade actively outside the United States, their prices may rise and fall as changes in global economic conditions affect the demand for these securities.

Valuation Time Risk. As a general matter, a client's portfolio will be valued as of the close of regular trading on the New York Stock Exchange (generally 4:00 PM Eastern Time). In some cases, foreign markets may close before the New York Stock Exchange opens or may not be open for business on the same calendar days as the firm. Client accounts may have to price any holdings that are not traded on the New York Stock Exchange at a fair value determined by such clients' custodian, administrator or investment adviser, as applicable. In regards to the Tactical Income Fund, SMCO, and HBDC, such determinations will be made in accordance with their governing documents, respectively.

Financials Sector Risk. We may cause client accounts to invest in financial services companies. Performance of companies in the financial sector may be materially impacted by many factors, including but not limited to, government regulations, economic conditions, credit rating downgrades, changes in interest rates and decreased liquidity in credit markets. Profitability of these companies is largely dependent on the availability and cost of capital, and can fluctuate significantly when interest rates change. Credit losses resulting from financial difficulties of borrowers also can negatively impact the sector.

Item 9. Disciplinary Information

Hilton Capital Management is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management. Hilton Capital Management is not subject to any legal or disciplinary events.

Item 10. Other Financial Industry Activities and Affiliations

Hilton Capital Management is under common control and ownership with Rafferty Asset Management, LLC ("RAM"), an SEC-registered investment adviser. Certain Supervised Persons of Hilton Capital Management are also registered representatives of Foreside Fund Services, LLC a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. These registered representatives do not currently effect securities brokerage transactions on a commission basis for Hilton Capital Management's separately managed account clients, the Tactical Income Fund SMCO, or HBDC.

Conflicts of Interest

Other Investment Vehicles or Clients. In addition to the separately managed accounts, the Tactical Income Fund, SMCO and HBDC, the firm may in the future participate in or sponsor other investment vehicles and other advisory accounts or clients. Such investment vehicles and accounts may employ investment strategies similar to those of the separately managed accounts, the Tactical Income Fund, SMCO, and HBDC. The existence of such present and future multiple investment vehicles and accounts, or other businesses, and any other material conflicts of interest which might reasonably be expected to impair the rendering of unbiased or objective investment advice by the firm, are disclosed to the firm's clients.

Allocation Issues. It is likely that separately managed accounts, the Tactical Income Fund, SMCO, and HBDC managed by the firm or its affiliates may invest in the same securities. To the extent that a particular investment is suitable for more than one client, and subject to the investment limitations applicable to such clients, investments will be allocated among the firm's client accounts in accordance with Hilton Capital Management's written policies and procedures and in a manner which Hilton Capital Management determines is fair and equitable under the circumstances to such clients taking into consideration the client-directed and contractually obligated custodians that are traded through on behalf of numerous clients. For further information about the firm's trade aggregation policies, see Item 12 under the heading *Brokerage Practices – Aggregation*.

As a result of such considerations, allocations among the separately managed accounts, the Tactical Income Fund, SMCO, and HBDC will not be made *pro rata*. Client accounts may not necessarily participate in every investment opportunity. In cases where a limited amount of a security or other instrument is available for purchase, the allocation of such security among the accounts may necessarily reduce the amount thereof available for purchase by any participating account.

Although accounts managed by the firm and its affiliates may generally invest in the same securities, the net performance of the accounts may vary materially from each other as a result of the allocation policies described above, as well as differing expenses, tax considerations, the impact of leverage and other factors.

Balancing Transactions. Other separately managed accounts of the firm that employ similar or substantially similar investment strategies may invest and trade on a *pari passu* basis; however, certain differences in the specific investment strategies employed (including, applicable investment parameters, eligibility criteria with respect to various clients, applicable expenses, available capital, the relative use of leverage and other factors), may result in non-*pari passu* treatment of specific clients with respect to some or all of their investment and trading activities.

The firm may, from time to time in its discretion, adjust (or "rebalance") the portfolio holdings of one or more of its clients so as to eliminate or minimize variations among the portfolio holdings of such clients that employ the same or similar investment strategies or otherwise to maintain, in the view of the firm, a desirable portfolio composition for each of such clients, subject to the applicable client differences and any limitations on which broker-dealers the firm may enter into trades with in regards to a particular account.

Time Commitments. The firm's portfolio managers intend to devote their primary efforts (i.e., substantially all of their time during business hours) to management of the firm's clients. The firm may retain additional personnel as the firm's portfolio managers deem necessary.

Item 11. Code of Ethics

Hilton Capital Management maintains a Code of Ethics which includes policies regarding the trading of securities in personal brokerage or similar accounts by its principals, members and employees. The Code of Ethics does not restrict the firm’s principals, members and employees from maintaining such accounts, although there are certain trading restrictions that such parties must adhere to, including restrictions on trading issuers below a certain market capitalization that are held in client accounts and a prohibition on trading issuers where Hilton Capital Management or any such party is in possession of material non-public information. All of the firm’s principals, members and employees are required to submit annual reports on all securities holdings and quarterly reports on all securities transactions in accounts such persons control either directly or indirectly (although certain exceptions apply. Violations of policy are punishable by sanctions, up to and including fines and termination of employment. Each firm employee, member and principal is required to acknowledge that he or she has received, reviewed, and understands the Code of Ethics.

The firm will not be engaged as an investment adviser to advise clients as to the appropriateness of investing in the Tactical Income Fund, SMCO, or HBDC, and the firm will not receive any compensation for doing so or for selling interests in such investment funds.

Item 12. Brokerage Practices

We maintain relationships with several broker-dealers. While you are free to choose any broker-dealer or other service provider as your custodian, we recommend that you establish an account with a brokerage firm with which we have an existing relationship. Such relationships may include benefits provided to our firm, including but not limited to market information and administrative services that help our firm manage your account(s). We believe that the recommended broker-dealers provide quality execution services for our clients at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended broker-dealers, including the value of the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of the services recommended broker-dealers provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

Research and Other Soft Dollar Benefits

In selecting or recommending a broker-dealer, we will consider the value of research and additional brokerage products and services a broker-dealer has provided or will provide to our clients and our firm. Receipt of these additional brokerage products and services are considered to have been paid for with "soft dollars." Because such services could be considered to provide a benefit to our firm, we have a conflict of interest in directing your brokerage business. We could receive benefits by selecting a particular broker-dealer to execute your transactions, and the transaction compensation charged by that broker-dealer might not be the lowest compensation we might otherwise be able to negotiate.

Products and services that we may receive from broker-dealers may consist of research data and analyses, financial publications, recommendations, or other information about particular companies and industries (through research reports and otherwise), and other products or services (e.g., software and data bases) that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Consistent with applicable rules, brokerage products and services consist primarily of computer services and software that permit our firm to effect securities transactions and perform functions incidental to transaction execution. We use such products and services in our general investment decision making, not just for those accounts for which commissions may be considered to have been used to pay for the products or services.

The test for determining whether a service, product or benefit obtained from or at the expense of a broker constitutes "research" under this definition is whether the service, product, or benefit assists our firm in investment decision-making for discretionary client accounts. Services, products, or benefits that do not assist in investment decision-making for discretionary client accounts do not qualify as "research." Also, services, products or benefits that are used in part for investment decision-making for discretionary client accounts and in part for other purposes (such as accounting, corporate administration, recordkeeping, performance attribution analysis, client reporting, or investment decision-making for the firm's own investment accounts) constitute "research" only to the extent that they are used in investment decision-making for discretionary client accounts.

Before placing orders with a particular broker-dealer, we determine that the commissions to be paid are reasonable in relation to the value of all the brokerage and research products and services provided by that broker-dealer. In some cases, the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts charged by another broker-dealer that did not provide research services or products.

We do not exclude a broker-dealer from receiving business simply because the broker-dealer does not provide our firm with soft dollar research products and services. However, we may not be willing to pay the same commission to such broker-dealer as we would have paid had the broker-dealer provided such products and services.

The products and services we receive from broker-dealers will generally be used in servicing all of our clients' accounts. Our use of these products and services will not be limited to the accounts that paid commissions to the broker-dealer for such products and services. In addition, we may not allocate soft dollar benefits to your accounts proportionately to the soft dollar credits the accounts generate. As part of our fiduciary duties to you, we endeavor at all times to put your interests first. You should be aware that the receipt of economic benefits by our firm is considered to create a conflict of interest.

We have instituted certain procedures governing soft dollar relationships including preparation of a brokerage allocation budget, mandated reporting of soft dollar irregularities, annual evaluation of soft dollar relationships, and an annual review of our brochure to ensure adequate disclosures of conflicts of interest regarding our soft dollar relationships.

Economic Benefits

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage firm. These products are in addition to any benefits or research we pay for with soft dollars, and may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Directed Brokerage

A client may direct Hilton Capital Management in writing to use a particular broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and Hilton Capital Management will not seek better execution services or prices from other broker-dealers or be able to “batch” client transactions for execution through other broker-dealers with orders for other accounts managed by Hilton Capital Management. As a result, a client that directs brokerage may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Hilton Capital Management may decline a client’s request to direct brokerage if, in Hilton Capital Management’s sole discretion, such directed brokerage arrangement would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (*e.g.*, restrictions on trading away from the client’s custodian).

Aggregation

Transactions for each client may be effected independently, unless Hilton Capital Management decides to purchase or sell the same securities for several clients at approximately the same time. Hilton Capital Management may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Hilton Capital Management’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Hilton Capital Management’s clients pro rata to the purchase and sale orders placed for each client on any given day., taking into consideration the client-directed and contractually obligated custodians that are traded through on behalf of numerous clients. To the extent that Hilton Capital Management determines to aggregate client orders for the purchase or sale of securities, including securities in which Hilton Capital Management’s Supervised Persons may invest, Hilton Capital Management generally does so in accordance with applicable regulations. Hilton Capital Management does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Hilton Capital Management determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Hilton Capital Management may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Soft Dollars

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker- dealers in return for investment research products and/or services which assist Hilton Capital Management in its investment decision-making process. Such research generally will be used to service all of Hilton Capital Management’s clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client’s portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest. Hilton Capital Management has an incentive to direct brokerage to broker-dealers that provide such products and services in exchange for brokerage so that the firm does not have to produce or pay for the products or services directly. Any research and/or brokerage products or services received by Hilton Capital Management will comply with Section 28(e) of the Securities Exchange Act of 1934.

The firm did not use any formal soft dollars during its prior fiscal year.

Item 13. Review of Accounts

Account Reviews

Hilton Capital Management generally monitors its clients' accounts as part of an ongoing process on a periodic basis. Such reviews are conducted by one of Hilton Capital Management's principals. All clients are encouraged to discuss their needs, goals, and objectives with Hilton Capital Management and to keep Hilton Capital Management informed of any changes thereto. Hilton Capital Management contacts clients at least annually to review their previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Account Statements and Reports

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the applicable custodian for such clients. Hilton Capital Management also provides all clients with a report that may include relevant account and/or market-related information, such as an inventory of account holdings and account performance on a quarterly basis. Clients should compare the account statements they receive from their custodian with those they receive from Hilton Capital Management.

Investors in the Tactical Income Fund, SMCO, and HBDC receive reports as described in their respective offering documents.

Item 14. Client Referrals and Other Compensation

Client Referrals

Hilton Capital Management participates in Charles Schwab & Co's ("Schwab") institutional customer program and may recommend Schwab to its clients for custody and brokerage services.

There is no direct link between the firm's participation in the Schwab Program and the investment advice it gives to its clients, although the firm receives economic benefits through its participation in the Schwab Program that are typically not available to Schwab retail investors. These benefits include the following products and services (provided without cost or at a discount):

- receipt of duplicate client statements and confirmations;
- research related products and tools;
- consulting services;
- access to a trading desk serving Hilton Capital Management;
- access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts);
- the ability to have advisory fees deducted directly from client accounts;
- access to an electronic communications network for client order entry and account information;
- access to mutual funds with no transaction fees and to certain institutional money managers; and
- discounts on compliance, marketing, research, technology, and practice management products or services provided to the firm by third party vendors.

Schwab may also pay for business consulting and professional services received by the firm's related persons. These products or services may assist Hilton Capital Management in managing and administering its clients' accounts, including accounts not maintained at Schwab. Other services made available by Schwab are intended to help Hilton Capital Management manage and further develop its business enterprise. The benefits received by Hilton Capital Management or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Schwab. As part of its fiduciary duties to clients, Hilton Capital Management endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Hilton Capital Management or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the firm's recommendation to its clients of Schwab for custody and brokerage services.

Compensation by Third Parties

Hilton Capital Management may receive client referrals from Schwab through its participation in Schwab's AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Hilton Capital Management has been selected to participate in AdvisorDirect based on the amount and profitability to Schwab of the assets in, and trades placed for, client accounts maintained with Schwab. Schwab is a discount broker-dealer independent of and unaffiliated with Hilton Capital Management and there is no employee or agency relationship between them. Schwab has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. Schwab does not supervise Hilton Capital Management and has no responsibility for the firm's management of client portfolios or other advice or services.

Hilton Capital Management pays Schwab an on-going fee for each successful client referral. For referrals that occurred through AdvisorDirect before April 10, 2017, this fee is a percentage (not to exceed 25%) of the advisory fee that the client pays to Hilton Capital Management ("Solicitation Fee"). For referrals that occurred through AdvisorDirect on or after June 9, 2017 the Solicitation Fee is an annualized fee based on the amount of referred client assets that does not exceed 25% of 1%, unless such client assets are subject to a Special Services Addendum. In the case of a Special Services Addendum, the Solicitation Fee is an annualized fee based on the amount of referred client assets that does not exceed 10% of 1%. Hilton Capital Management will also pay Schwab the Solicitation Fee on any assets received by it from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Hilton Capital Management on the recommendation of such referred client. Hilton Capital Management will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to Schwab to its clients. For information regarding additional or other fees paid directly or indirectly to Schwab, please refer to the Schwab AdvisorDirect Disclosure and Acknowledgement Form.

Hilton Capital Management's participation in AdvisorDirect raises potential conflicts of interest. Schwab will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at Schwab and whose client accounts are profitable to Schwab. Consequently, in order to obtain client referrals from Schwab, Hilton Capital Management may have an incentive to recommend to clients that the assets under management by the firm be held in custody with Schwab and to place transactions for client accounts with Schwab. In addition, Hilton Capital Management has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from Schwab or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Hilton Capital Management's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

Hilton Capital Management also participates in arrangements similar to the AdvisorDirect program described above with other broker-dealer and custodian firms.

From time to time, the Hilton Capital Management may engage an unaffiliated marketing support provider to assist with general brand-development, distribution support, and communications activities. We pay this marketing support provider a flat fee for these services. This compensation is not contingent on the marketing provider referring clients, opening accounts, increasing assets, or recommending our advisory services, nor does the marketing provider solicit clients on our behalf. The marketing support provider does not provide investment advice, does not interact with prospective or existing clients regarding Hilton Capital Management's advisory services, and does not conduct any activities that would require registration as an investment adviser or solicitor. The flat-fee arrangement creates no additional cost to clients and does not result in preferential treatment for any client or prospective client. Hilton Capital Management does not provide or receive any other economic benefits, revenue sharing, or client referral-based compensation beyond this flat-fee arrangement.

Item 15. Custody

Hilton Capital Management's agreements with the custodians of its clients' accounts generally authorize Hilton Capital Management to debit such account for Hilton Capital Management's management fees and directly remit such fees to Hilton Capital Management in accordance with applicable custody rules. In these circumstances, such custodians send statements to the clients at least quarterly indicating all amounts disbursed from the account including the amount of management fees paid directly to Hilton Capital Management. Hilton Capital Management also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the custodians and compare them to those received from Hilton Capital Management.

Item 16. Investment Discretion

Hilton Capital Management is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Hilton Capital Management is given the authority to exercise investment discretion on behalf of clients via written investment management agreements or other written agreements. In certain circumstances, clients may request a limitation on this authority (such as certain securities not to be bought or sold). When given investment discretion, Hilton Capital Management and its affiliates generally take discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The broker-dealers to be utilized in effecting such transactions.

Investors in the Tactical Income Fund, SMCO, and HBDCdo not have the ability to restrict the investments of such investment funds.

Item 17. Voting Client Securities

Hilton Capital Management utilizes ProxyEdge to vote proxies on behalf of certain legacy clients who currently receive proxy voting services. Hilton Capital Management no longer offers proxy voting services to new clients. Only clients who had previously elected to have Hilton Capital Management vote proxies will continue to receive this service.

For legacy clients receiving proxy voting services, Hilton Capital Management generally will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, all proxies will be voted for legacy clients consistent with guidelines established and described in Hilton Capital Management's proxy voting policies and procedures, as they may be amended from time to-time. Legacy clients receiving proxy voting services may contact Hilton Capital Management to request information about how Hilton Capital Management voted proxies for that client's securities or to get a copy of Hilton Capital Management's proxy voting policies and procedures.

The firm is not responsible for voting proxies on behalf of the Tactical Income Fund, SMCO or HBDC.

Item 18. Financial Information

Hilton Capital Management is not required to disclose any financial information pursuant to this Item due to the following:

- It does not require or solicit the prepayment of more than $1,200 in fees six months or more in advance of services rendered;
- It does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- It has not been the subject of a bankruptcy petition at any time during the past ten years.