

ASB Capital Management LLC

Form ADV Part 2 Brochure

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This brochure provides information about the qualifications and business practices of ASB Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at 240-497-5000 or pduncan@asbcm.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

ITEM 2: SUMMARY OF MATERIAL CHANGES

Material changes reflected to the ADV Part 2 that was filed in May 2016 are noted below.

- In Item 11, the restrictions on the ability of Access Persons to conduct personal securities transactions in client holdings were expanded.
- In Item 12a, ASBCM had previously included soft dollar disclosure language in its ADV Part 2 in order to retain the option of conducting these transactions. This language is now removed.
- Item 17, ASBCM has changed its policy to allow for a client to select an alternative proxy voting policy if the client does not agree to vote proxies in accordance with AFL-CIO guidelines.

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ITEM 4: ADVISORY BUSINESS

ASB Capital Management, LLC (“ASBCM”) was originally established in 1983, and is registered investment adviser with the Securities Exchange Commission¹, and a Maryland registered limited liability company with its primary place of business in Bethesda, MD. ASBCM is owned by Chevy Chase Trust Holdings, LLC, and is affiliated with Chevy Chase Trust Company (“CCTC”). ASBCM provides investment management services to large individual and various types of institutional clients, as well as providing advisory services to collective investment funds and limited partnerships. ASBCM’s fees for such services are negotiated based on a standard fee schedule. ASBCM’s assets under management excluding commitments to funds for December 31, 2016 were valued at \$23,626,180,392.

ASBCM is organized into two separate divisions: ASB Investment Management (“ASBIM”) and ASB Real Estate Investments (“ASBRE”). ASBCM’s advisory services encompass discretionary and non-discretionary investment advice for strategies in equities, fixed-income securities and real estate investments. In addition, ASBCM offers advice through consultations on mortgage-backed and related types of securities, money market instruments, equity securities and real estate investment trusts.

ASB Investment Management Division:

ASBIM provides investment management services to large individual and institutional clients that include Taft-Hartley plans, pension and retirement programs, separate accounts, endowments and foundations, corporations and other types of accounts. ASBIM also provides advisory services to collective investment funds.

ASBIM works closely with clients to develop an investment program designed to meet their financial needs and objectives. Setting portfolio goals and parameters is the collective effort of the client and portfolio manager and may involve, but is not limited to, assessment of the following factors:

- ERISA and other regulatory requirements;
- Risk tolerance;
- Return requirements;
- Legal constraints;
- Capital preservation;
- Asset/liability flows;
- Income production;
- Liquidity needs; and
- Reporting structure and standards for measuring performance as to both time and relevant indices or comparisons.

The client's objectives are documented, and a compatible management strategy is agreed upon. These portfolio guidelines and restrictions provide a reference for the day-to-day management of the account(s), and are also essential to the periodic review of the account by the Portfolio Review

¹Registration as an investment adviser does not imply a certain level of skill or training.

Committee and by the client. Portfolio guidelines and restrictions are updated periodically to reflect any changes in a client's needs and a corresponding investment strategy shift is initiated, if required.

When ASBCM is hired as the advisor to a collective fund, the collective fund's governing document is the guiding document for investment guidelines instead of the investment policy statements of the collective fund's participants.

ASB Real Estate Investments Division:

ASBRE provides real estate investment management services to large individual and institutional clients that include Taft-Hartley plans, pension and retirement programs, endowments and foundations, corporations and other types of accounts. ASBRE's advisory services primarily encompass discretionary advice for strategies in real estate investments.

ASBRE is advisor the ASB Allegiance Real Estate Fund, a core real estate pooled investment vehicle. ASBRE also provides advisory services to its value-creation series of funds, the ASB Meridian Real Estate Fund Series. In addition, ASBRE is advisor to one separate account focused on ground-up development.

ASBRE's funds are available to qualified pension plans and accredited investors only. The fund's offering documents contain comprehensive material concerning the specific fund's investment strategy, risks, fees and legal requirements.

ITEM 5: FEES & COMPENSATION

ASBCM's advisory fees are generally based on a percentage of the assets under management as provided in the client's investment management agreement. ASBCM will invoice clients on a monthly or quarterly basis in arrears. If a client is invested in a limited partnership via the ASB Allegiance Real Estate Fund or the ASB Meridian Estate Funds, or a client has granted custody of assets to CCTC, the client may choose to have the investment management fees deducted from their account. When CCTC custodies the assets, the fee schedule below is inclusive of custodial and safekeeping fees.

Asset-based fees are based on the following fee schedule, and may be subject to negotiation where circumstances warrant.

I. Balanced and Equity Accounts

Individually Managed

1.00% up to \$10,000,000 in market value of assets, negotiable thereafter.
Smaller accounts may be subject to a minimum annual fee.

II. Fixed Income Accounts

Individually Managed

0.75% up to \$10,000,000 in market value of assets, negotiable thereafter.
Smaller accounts may be subject to a minimum annual fee.

III. Pooled Investment Funds

ASB Allegiance Real Estate Fund

1.25% (125 basis points) on the first \$5 million
1.00% (100 basis points) on the next \$10 million
0.90% (90 basis points) on the next \$60 million
0.75% (75 basis points) on the balance (over \$75 million)

AFL-CIO Equity Index Fund

IBEW-NECA Equity Index Fund

0.015% on the balance.

ASB Focused Core Fixed Income Fund

0.20% on balance

IV. Individually Managed Real Estate Portfolios

All fees for individually managed Real Estate portfolios are negotiated on a client by client basis.

ASBIM clients will also pay brokerage expenses related to the buying and selling of securities in their account. Brokerage expenses are included in the cost of the transaction. ASBIM does not receive fees for brokerage transactions but may direct a portion of the commissions to a broker or third party in return for certain eligible services, such as research. In cases where ASBCM does not custody assets, clients may pay custodial charges to another institution. Additional information regarding brokerage activities and brokerage fees related to advisory services provided by ASBIM is in Item 12 of this brochure.

When a client holds comingled investment instruments such as mutual funds, exchange-traded funds, collective investment funds, limited partnerships or investment trusts, the client may pay operating fees and other fees charged directly by the comingled investment, thereby reducing the return on that instrument.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Performance-based compensation arrangements may be offered on a negotiated basis, subject to compliance with Rule 205-3 of the Investment Adviser's Act of 1940 (Advisers Act) and other applicable laws and regulations. This type of fee arrangement may create an incentive for ASBCM to make investments that are riskier and more speculative, i.e., those that may generate higher returns, than would be the case in the absence of a performance fee. Performance fees, when applicable, are negotiated on a case-by-case basis with institutional clients.

ITEM 7: TYPES OF CLIENTS

ASBCM provides investment management services to large individual and institutional clients that include Taft-Hartley plans, pension and retirement programs, separate accounts, endowments and foundations, corporations and other types of accounts. ASBCM also provides advisory services to collective investment funds and limited partnerships.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis:

ASB Investment Management Division:

ASBIM conducts investment research using information developed by Wall Street “Street” brokerage houses and research firms. Street research consists of publications, industry reports, sector analysis, company analysis, economic announcements and consultations, special reports and other services made available to ASBIM.

Internal research is used in conjunction with Street research to inform investment decisions. Internal research is performed by ASBIM’s analysts and portfolio managers. These individuals analyze investment opportunities by reviewing documents such as:

- SEC filings - 10K’s, 10Q, and prospectuses;
- Company publications - annual reports, quarterly reports, and press releases;
- Company visits and telephone communications;
- Financial reporting services - Moody’s and Standard & Poor’s;
- On-line computer statistical services providing historical data;
- Quantitative computer models; and
- Pool performance data for mortgage backed securities, asset backed securities and commercial mortgage backed securities.

ASB Real Estate Investments Division:

ASBRE conducts investment research to assess, among other factors:

- Market fundamentals;
- Rental rates;
- Sales comparables;
- Discount and capitalization rates;
- Employment growth;
- Household formation;
- General inflation;
- New construction starts;
- Tenant demand;
- Market obsolescence; and
- Other micro and macro-economic statistics and trends gathered from fundamental research performed by ASBRE’s in-house staff.

ASBRE also contracts research from a variety of local, regional, and national firms including, but not limited to, Reis, Inc., Property Portfolio and Research (PPR), Cushman Wakefield, CBRE, Trammell Crow Company, Marcus & Millichap, Holliday Fenoglio Fowler, RERC, the Weitzman Group, and others.

Investment Strategies:

ASB Investment Management Division:

ASBIM offers several different strategies, including two equity and three fixed income strategies. These strategies, and some of their material risks, are discussed below. Upon client request, ASBIM may provide alternative strategies, managed differently than those outlined below.

Actively Managed Equity: Large Cap Core Equity

ASBIM Large Cap Core Equity's goal is to outperform the relevant benchmark while mitigating investment risks. ASBIM seeks long-term capital appreciation by investing in a well-diversified portfolio of high quality, industry-leading large capitalization domestic stocks with excellent or improving fundamentals relative to their given sector. .

Passively Managed Equity

ASBIM provides investment management services to certain clients for passively managed accounts and collective funds. The objective of this style of management is to provide investment returns nearly identical to those of the selected benchmark. ASBIM fully replicates the benchmark index. The security positions are added, deleted, or amended in the accounts as warranted by changes in the composition of the benchmark.

Fixed Income

ASBIM provides active fixed income management through a combination of the strategies outlined below:

Focused Core: The Focused Core Fixed Income Fund is a collective investment fund in which CCTC is the trustee and ASBIM has been retained as the investment manager. The Focused Core investment strategy focuses on spread products such as investment-grade corporate bonds and mortgage-backed securities. This style tends to be yield curve neutral.

The strategy employs a 50/50 baseline allocation between credit instruments and mortgage instruments. The style seeks to match the broad characteristics of the Barclays Credit and Barclays Mortgage Indices, but actively manages the individual issues and industry weights within each sector. Relative value considerations determine the replacement of credit instruments with appropriate commercial backed securities and vice versa.

Total Return Strategy: This investment strategy focuses on spread products such as investment-grade corporate bonds and mortgage-backed securities. The style employs the active management discipline of the Focus Core style, but utilizes a more flexible approach to asset allocation, including a more frequent consideration of government issued securities.

Intermediate Strategy: This investment strategy relies on a concentration of spread products such as corporate bonds and asset-backed securities. The effective maturity for eligible securities is 3 to 5 years.

Investment Strategies:

ASB Real Estate Investments Division:

Real Estate

ASBRE provides investment portfolios for clients to invest in commercial real estate properties on a pooled and individually managed basis. ASBRE invests in real property through the acquisition of both equity and debt interests on behalf of its clients. Such investments may include, but are not limited to, the following:

- (i) Equity interests or equity participation in improved or unimproved real property, either in the form of direct ownership, with or without leaseback provisions of such real property, or in the form of stock, closely held or publicly traded, stock purchase warrants, or other forms of interest in the entity owning or developing such real property;
- (ii) Loans or debt obligations secured by mortgages on, or other interests in, real property, whether for the purpose of acquiring, improving or otherwise developing such real property;
- (iii) Mortgages on the fee, leasehold or other interest in real property, installment sales contracts, sale and leasebacks or any combinations of the foregoing, for the purpose of providing long-term or intermediate-term financing of improved or unimproved real property;
- (iv) Leases or rental agreements providing income or profits from real property; and
- (v) Interests in (a) limited partnerships, (b) limited liability companies or (c) collective investment funds that invest in real estate and/or real estate related investments.

Cash awaiting investment in real estate assets is invested in money market mutual funds or other suitable investment-grade short-term investments.

Pooled Investment Vehicles

ASBRE is advisor to the ASB Allegiance Real Estate Fund, a collective investment fund. CCTC, an affiliate, acts as trustee and custodian to the Fund and participation in the Fund is limited to qualified plans. The Fund invests all client assets in interests in the ASB Allegiance Real Estate Fund LP.

ASBCM is advisor to the ASB Allegiance Real Estate Fund LP and, through an indirect subsidiary, is its General Partner. Only accredited investors may purchase interests in the ASB Allegiance Real Estate Fund LP. The ASB Allegiance Real Estate Fund is a core real estate vehicle, investing in premium-quality, income-producing properties diversified by property type, location and lease exposures.

ASBCM is also advisor to the ASB Meridian Real Estate Fund Series and, through an indirect subsidiary, is General Partner to the funds. Only accredited investors may purchase interests in one of the ASB Meridian Real Estate Funds. These funds are closed-ended and are focused on value-creation opportunities utilizing low leverage.

Individually Managed

ASBRE also provides advice to one separately managed development account.

Risks of Loss

Risk is inherent in all investing. There is no assurance that a client's account will meet its investment objectives. The value of a client's investments, as well as the amount of return a client may receive on an investment, may fluctuate significantly. A client may lose part or all of their investment or the investment may not perform as well as other similar investments. A client's account at ASBCM is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency, entity or person. A client should consider how ASBCM's investment strategies fit into an overall investment program.

The following is a summary description of certain risks of investing in ASBCM's strategies.

Active Management Risk: Investments are subject to the risk that ASBCM's judgments about the attractiveness, value, or potential appreciation of a client's investments may prove to be incorrect. If the investments selected and the strategies employed fail to produce the intended results, a client's returns could underperform other investments with similar objectives and investment strategies.

Significant Equity and Fixed Income Risks:

Market conditions and issuer risk: The prices of, and the income generated by, the common stocks, bonds and other securities held in a client's portfolio may decline due to market conditions and other factors, including those directly involving the issuers of securities.. An individual security, or a basket of securities such as mutual funds or exchange traded funds, can be significantly impacted by these factors. At any time, the value of a security can go up or down more than the market as a whole and can perform differently from the performance of the market as a whole. A client's portfolio may experience a substantial or complete loss on an individual investment.

Investing in equity: Stocks generally fluctuate in value more than bonds and their values may decline significantly over shorter periods of time. The value of a client's portfolio that invests in equity may decline due to general market conditions or because of factors that affect a particular industry or market sector.

Investing in fixed income: Rising interest rates will generally cause the prices of bonds and other debt securities to fall. In addition, falling interest rates may cause an issuer to redeem, "call" or refinance a security before its stated maturity, which may result in the portfolio having to reinvest the proceeds in lower yielding securities. Longer maturity debt securities may be subject to greater price fluctuations than shorter maturity debt securities.

Asset allocation risk (balanced accounts only): The level of risk in a client's portfolio will directly correspond to the risks of the underlying asset classes which comprise the portfolio. The client and the portfolio manager agree to asset allocation targets as part of determining the client's investment objective. However, market price fluctuations may bring a client's portfolio outside of the asset allocation targets. Decisions by the portfolio manager as to the timing of reallocation of client assets among the various asset classes could cause client's portfolio to underperform other client portfolios

with similar investment objectives.

Significant Real Estate Risks:

Property risk: Asset management in real estate funds entails all the risks that are associated with ownership of real estate. These risks include, among others, declines in the value of real estate, negative changes in the climate for real estate, risks related to general and local economic conditions, decreases in property revenues, increases in prevailing interest rates, property taxes and operating expenses, changes in zoning laws and costs resulting from the clean-up of environmental problems.

Liquidity risk: Investors may not be able to sell their investment in real estate in a timely manner. Real estate investments are inherently less liquid than exchange-traded securities. Even in pooled investment vehicles, clients may not be able to sell their investments expeditiously. The potential inability to sell real estate investments at a time of the client's choosing exposes the client to potential losses if the investment declines during the period of illiquidity.

Valuation risk: Judgment plays a greater role in pricing real estate than it does for securities having more active markets. Independent appraisers and the investment adviser may value real estate at a price different than the price that could be achieved during a sale of the asset. In addition, some real estate is more illiquid than other real estate potentially making the assets more difficult to dispose of at the price the investment adviser is valuing them. Additionally, the value of real estate investments may change at different rates compared to investments in different asset classes thus, real estate valuations do not occur daily.

Ground-up development risk: Investment in ground-up development real estate carries heightened probability of adverse events such as, but not limited to, entitlement problems, cost-overruns, unexpected environmental cleanup costs, delayed leasing and property stabilization. Each of these factors may negatively impact the value of a client's investment.

ITEM 9: DISCIPLINARY INFORMATION

Not Applicable.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

ASBCM is a subsidiary of Chevy Chase Trust Holdings, LLC, and is an affiliate with CCTC. ASBCM has been hired by CCTC to provide investment advice to collective funds for which CCTC serves as trustee and custodian. Investment officers at CCTC and ASBCM support various business lines and several employees are dual employees of both CCTC and ASBCM. Additionally, CCTC provides support services, such as accounting and information technology, to ASBCM.

Conflicts of interests between the affiliates are mitigated because that CCTC and ASBCM have different product offerings and target clients. CCTC's investment management services target high net worth individuals and smaller institutions. Its equity and fixed income strategies are tailored to the tax and liquidity needs typically experienced by this clientele.

ASBCM's investment services in equity, fixed income and real estate are tailored to institutional clients. Its equity, fixed income and real estate strategies tend to fit within a particular style and focus on outperforming established indexes.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

All ASBCM employees, officers, directors and consultants with access to ASBCM's recommended investments ("Access Persons") have a fiduciary duty under state and federal securities laws to act in the best interest of ASBCM's clients. An integral part of this duty is the avoidance of conflicts of interest. Therefore, ASBCM Access Persons may not use their position, or information they learn at ASBCM, to create a conflict, or the appearance of a conflict, between their personal interests and those of any client. ASBCM maintains a Code of Ethics, adopted pursuant to SEC Rule 204A-1, that includes a Personal Securities Transaction Policy, an Insider Trading Policy, and other matters related to conduct. A copy of the Code of Ethics is available upon request.

Personal Securities Transaction Policy

Personal securities transactions create potential conflicts of interests. Therefore, unless an exception applies, all Access Persons must pre-clear all equities, debt securities, derivatives, options and futures purchases or sales with the Chief Compliance Officer ("CCO"), or his or her designee, before a transaction is initiated for their personal account(s). These requests are compared to the Restricted List: a list composed of all holdings within the actively managed composites purchased or sold for ASBCM client accounts. In addition, the CCO, the Insider Trading Officer, or the General Counsel of ASBCM can add securities to the Restricted List in instances where the firm or its officers, and employees may have access to material, non-public information. The Restricted List is maintained by the CCO, or his or her designee.

Access Persons are prohibited from purchasing or selling for their personal accounts any equity, fixed income securities or derivative where the underlying security(ies) is on the Restricted List unless the purchase or sale qualifies for an exemption noted below. In addition, no Access Person may (i) purchase a security within 7 calendar days of that security being added to purchased/sold in client accounts. Access persons are also prohibited from purchasing or selling derivatives for their personal account(s) where the underlying security is on the Restricted List.

The exemptions listed below apply to securities placed on the Restricted List and are exempt from pre-clearance: Transactions include:

1. A sale request must be sent to the CCO, or his designee, and a written approval must be received by the Access Person prior to the transaction. The sale will not be approved if an aggregated firm trade in the actively managed composites has occurred within the last 7 calendar days or the portfolio manager for the actively managed composites indicated to the CCO, or his or her designee, that an aggregated firm trade is being contemplated for the security. This exemption is meant to facilitate Access

- Persons selling out of existing securities in their personal accounts that are also on the Restricted List, if the sale does not present a conflict with the clients.
2. Transactions for which the Access Person has given full investment and management discretion to an asset manager are exempt;
 3. The purchase or sale of shares of registered open-end mutual funds and money market funds;
 4. The purchase or sale of treasury bonds, treasury notes, treasury bills, U.S. Savings Bonds, and other instruments issued by the U.S. Government;
 5. The purchase or sale of debt instrument issue by a banking institution, such as bankers' acceptances and bank certificates of deposit (Note that bonds issued by a banking institution must be pre-cleared);
 6. The purchase and sale of investment grade municipal bonds;
 7. The purchase or sale of commercial paper and other high-quality short-term debt instruments;
 8. The purchase or sale of U.S. and foreign currency;
 9. Dividend Reinvestment Programs;
 10. The purchase or sale of Exchange Traded Funds; and
 11. Transactions effected pursuant to an automatic investment plan;²

Securities placed on the Restricted List because of material non-public information do not qualify for exemptions.

A detailed description of the Personal Securities Transaction Policy is available upon request.

Annual Holdings Report

All ASBCM employees, officers, and directors are required to complete an annual holdings report of all reportable securities. These reports are submitted to the CCO, who monitors the annual holding reports and resolves any conflicts in an appropriate manner.

Insider Trading Policy

It is the policy of ASBCM to comply with the restrictions of 17 CFR 240.10b.5 (Rule 10b.5) and the Insider Trading and Securities Fraud Enforcement Act with regard to buying and selling securities. If any ASBCM personnel possess material inside (non-public) information it should be brought to the attention of ASBCM's Insider Trading Officer. ASBCM's Insider Trading Officer shall direct the investment personnel to: (i) keep the information confidential; (ii) refrain from trading in or recommending the securities concerned while such information remains undisclosed to the investing public; and (iii) any other actions deemed appropriate to prevent unintentional disclosure. Directors, officers, employees, consultants, public accountants, and attorneys of ASBCM are deemed to be insiders. Furthermore, all ASBCM directors, officers and employees are subject to ASBCM's Insider Trading Policy.

² Any transaction that overrides the pre-set schedule or allocations of the automatic investment plan must be included in a quarterly transaction report.

Officer, Principal, and Employee Interests in Funds Advised by ASBCM

Certain officers, principals and employees of the Adviser and its affiliates from time to time invest in, and alongside, certain real estate funds advised by ASBCM or its affiliates, either through such fund's General Partner, as direct investors in the fund(s) or otherwise. Such fund(s) or its General Partner, as applicable, typically reduce all or a portion of fees and carried interest related to investments held by such persons. If officers, principals and employees of ASBCM make capital investments in or alongside the funds advised by the ASBCM or its affiliates, they may have conflicting interests with respect to these investments.

Privacy Policy

In order to protect the confidentiality of clients' non-public, financial information, ASBCM maintains a Privacy Policy that specifies the procedures used to secure sensitive client information. All ASBCM employees and officers are required to receive annual privacy training. A Privacy Pledge summarizing ASBCM's policies regarding protecting client information is provided at the time of account opening, and annually thereafter when material updates are made to the Policy. The Privacy Pledge is also available on ASBCM's website at www.asbcm.com.

ITEM 12: BROKERAGE PRACTICES (ASBIM)

Selection Criteria for Brokers and Dealers

ASBIM generally has discretionary authority to manage its clients' accounts, which includes authority to determine, without specific client consent, the broker-dealer used in client securities transactions and the commission rate or price to be paid to such broker-dealer, provided the commission is reasonable and in relation to the services rendered.

For all transactions, ASBIM considers the full range of quality of a broker's services, including, but not limited to:

- Brokerage capacity (principal or agent);
- Execution capability;
- Commission rates;
- Value of research;
- Available liquidity;
- Responsiveness to ASBIM;
- Trading expertise;
- Access to underwritten offerings and secondary markets;
- Reliability in executing trades and keeping records;
- Reputation and integrity;
- Financial services offered;
- Willingness and ability to commit capital;
- Fairness in resolving disputes;
- Timing and size of order; and
- Current market conditions.

ASBIM considers the foregoing factors, which it expects to enhance the portfolio management capabilities of ASBIM, without demonstrating that such factors are of a direct benefit to its clients.

Trading execution is examined on a quarterly basis by the ASBIM Portfolio Review Committee to ensure clients are receiving best execution.

“Soft Dollar” or Research/Execution Policy

ASBIM does not conduct “soft dollar” arrangements. It receives brokerage research or sell-side research as part of its brokerage activities. Brokerage research presents a potential conflict of interest in that ASBIM may not receive the lowest available commission in placing trades by giving preference to brokers that provide sell-side research. The ASBIM Portfolio Review Committee oversees all brokerage research services and soft dollar arrangements on a monthly basis to help ensure that all arrangements are consistent with ASBIM’s fiduciary duties (including its duty to obtain best execution for its clients) and applicable law.

ASBIM does not typically negotiate “execution-only” commission rates; thus, clients may be deemed to be paying for other services, including research, with their commission dollars. Research may be used to service some or, in certain circumstances, all clients, subject to compliance with applicable law. Research may not necessarily be used by ASBIM in servicing the clients whose commission dollars paid for the research. Some clients direct ASBIM to use certain brokers (described below under “Client Directed Brokerage”); some clients may require ASBIM to effect trades through their custodial brokers; and some clients’ investment preferences results in minimal trading in their accounts. Such clients’ commission dollars are unavailable to pay for research received from other brokers, so those clients who grant ASBIM full discretion to select brokers are subsidizing the research provided to all clients.

Client-Directed Brokerage Transactions

Advisory clients may direct ASBIM to execute trades with a specific broker-dealer. Although ASBIM’s objective is to seek the best price and execution for every transaction, the fact that ASBIM does not have flexibility in selecting a broker for a directed trade may have an impact on the execution price the directing client realizes and the directing client may not realize the same price or commission rate achieved for other clients. Furthermore, ASBIM retains sole and absolute discretion to not to engage any securities broker-dealer to execute any transaction for the client if the use of the services of such broker-dealer would violate applicable law, regulation or a stated position of the Securities and Exchange Commission or other regulatory body, or if ASBIM determines that the use of such broker-dealer is inconsistent with its fiduciary duty to the client

Batch Transaction Policy

Investment allocation presents a risk that ASBIM may show preferences in which clients receive investment opportunities. It is ASBIM’s policy that when combining or “batching” orders of the same security for more than one account:

- The resulting benefits in price and broker-dealer charges are applied on a pro-rata or average basis to the accounts involved in the transaction if the entire order can be executed; or
- To pro-rate to each account its allocable share of the securities purchased or sold if the entire order cannot be executed.

Where purchase or sale orders of the same security cannot be combined, transactions will be made on a rotation basis.

ITEM 12: ASSET ALLOCATION AND VALUATION (ASBRE)

ASBRE Investment Allocation

There is a risk that ASBRE may show preference in allocating investment opportunities between clients. ASBRE, formed by ASBCM's Board of Directors, manages this risk through its allocation policy, related procedures, the Pipeline Allocation Committee (PAC), all of which are discussed below.

When allocating investments, it is ASBRE's policy that no active investment client, whether such client is discretionary or non-discretionary, shall be favored over any other client, and all clients will be allocated investments without prejudice in accordance with each client's approved investment objectives. Furthermore, the PAC oversees and ensures that the processes used to allocate investment opportunities is equitable and objective.

The PAC meets at least monthly, or more frequently as needed, to review new investments to the various portfolios managed by ASB. An allocation recommendation is made to the PAC before the proposed investment is submitted to the Real Estate Advisory Investment Committee ("REIAC") for approval. REIAC only reviews allocation recommendations for investments approved by the PAC.

When determining allocation of an investment, ASBRE considers the following factors, in order of their importance:

- *Client Investment Guidelines:* When determining if an investment may be allocated to an account, ASBRE shall ensure that the investment does not violate any client-imposed guidelines. Client restrictions on the type of investment, the amount of leverage permitted, or other client-imposed investment criteria shall be given consideration in determining whether the account is eligible for allocation.
- *Portfolio Suitability:* When reviewing each available account for allocation, ASBRE may remove an account from consideration if the potential investment is not suitable for the overall portfolio strategy of the account. Diversification considerations, such as asset holdings by type or geographic location, may indicate that a potential investment may not be appropriate for allocation. Other portfolio strategy considerations, such as the impact on leverage or the individual asset size relative to the account, may also be considered in determining if an account is a candidate for allocation.
- *Previous Allocation History:* If all other factors are substantially equal, the ASBRE shall allocate potential investments based on the previous allocation history of the eligible accounts. ASBRE will review the previous allocation history for each account eligible and determine the recent

activity in each account. Then, the candidate account that has the oldest allocation shall be given preference in allocation.

- If an investment is sourced by staff of a specific client and referred to ASBRE, that investment will be automatically allocated to that client, provided that ASBRE had not previously sourced the investment and the PAC had not already allocated it to a different client.

In addition to the policy, procedures and the PAC controls noted in Item 12, all allocation decisions are reviewed quarterly by the Pipeline Oversight Review Group. This group determines if the allocation decisions made by the PAC appear compliant with this policy's criteria. Voting members of the Pipeline Oversight Review Group include three members of ASB Management that are not members of ASBRE. The Portfolio Managers and members of ASBRE are not voting members of the Pipeline Oversight Review Group.

Real Estate Valuation

There is a risk that values reported to clients for their investments may not be received if the underlying real estate properties were sold at market. ASBRE maintains the following valuation policies and practices to ensure that each real estate asset will be valued at its fair market value.

Appraisals

Unless otherwise specified by client guidelines, real estate investments receive an external opinion of value each quarter, with the exception of recently purchased investments which are valued at cost plus capital expenditures less liabilities, if any. A complete appraisal performed by a qualified independent appraiser is performed within 12 months of the most recent appraisal; however, if the property is under contract or a binding letter of intent, no appraisal is necessary provided the sale occurs within 15 months of the last appraisal. An appraisal firm may not perform appraisals for more than three consecutive years on a specific property. Appraisal firms are approved by the REAIC.

Relevant information is supplied to the independent appraiser, who carries out a full-scale, on-site physical investigation of the property, a financial evaluation of the property's current and potential income and expenses, an analysis of comparable properties in the area, and an analysis of the market activity affecting the property's value. An independent appraisal management firm oversees and administers the appraisal process. Each investment is appraised by independent appraisal firms annually, with approximately 25% of a fund's investments being appraised each quarter. The appraised values are updated quarterly by the appraisal management firm based upon financial, leasing and capital market activity that impacts value. As such, each quarter, the investments receive a third-party opinion of value that is reflected in the fund's NAV.

The valuation and accounting policies of ASBRE are in accordance with the NCREIF – Real Estate Information Standards. Any open end fund's NAV is determined as of the last day of each calendar quarter. All appraisal values are reviewed and approved by the by the President of ASBRE. The values are then submitted to the Appraisal Oversight Group, composed of members of ASBCM management that are not part of ASBRE, for review prior to setting the NAV of any open end fund.

ITEM 13: REVIEW OF ACCOUNTS

ASB Investment Management Division:

When an account is opened, it is reviewed by the ASBIM Portfolio Review Committee to ensure that the investment program is documented, designed to meet the specific needs of the client and that the agreed upon guidelines are in line with the overall investment policy. Once the account is operational, it is reviewed at least annually by the ASBIM Portfolio Review Committee, which monitors the investment mix, performance, changes in client objectives, and other pertinent portfolio considerations. Performance review meetings are conducted with clients at least annually, and more often if requested. Written reports are presented as specified by client contract.

ASB Real Estate Investments Division:

The REIAC, formed by ASBCM's Board of Directors, performs oversight of real estate investment recommendations for the limited partnerships and the separately managed accounts managed by ASBRE. ASBRE management is responsible for reviewing investment properties on an annual basis, reviewing proposals regarding acquisition and/or disposition of assets, and development or change in financial structure of properties. ASBRE makes presentations to REIAC, which provides its advice. Other clients may specify separate approval and oversight procedures in their contracts with ASBRE.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

ASBCM may enter into written agreements with unaffiliated third parties under which ASBCM compensates the respective party for referrals that result in opening a new account(s). ASBIM contracts with a firm that provides administrative and consulting services to insurance companies. ASBIM agreed to split the investment management fees with this firm for clients hiring ASBIM under this arrangement. Specifics of the shared fee arrangement are provided to prospective clients. ASBIM has also entered into written agreements with persons to act as finders on behalf of ASBIM. ASBIM pays these persons a percentage of fees during the first five years of a client relationship. The finder is responsible for disclosing the specifics of the compensation to prospective clients. ASBCM's payment of referral fees will not increase ASBCM's fees above the published fee schedule, and all referral payments will comply with applicable federal and state laws including the Investment Adviser's Act Rule 206(4)-3.

Additionally, ASBIM provides the ASB Large Cap Core Equity model to an investment platform and receives a fee equal to a percentage of the assets under management for this service. Accounts on these platforms are investment adviser clients of the platform's sponsor, not ASBIM. ASBIM is compensated for providing the advice to the platform's sponsor. ASBIM has a trade rotation policy to ensure that clients and platforms are treated in an impartial manner when model trades are conducted.

ASBRE has not entered into any third party referral arrangements for distribution or fee sharing.

ITEM 15: CUSTODY

ASBCM custodies certain client assets. Specifically, ASBCM's subsidiary, the ASB Allegiance Real Estate Partners GP, LLC is the General Partner for the ASB Allegiance Real Estate Fund Limited

Partnership, and as such is deemed to have custody of that Limited Partnership's assets. In addition, ASBCM subsidiaries act as General Partners for the ASB Meridian Real Estate Fund Series, and as such, is deemed to have custody of those funds' assets. Therefore, ASBCM has retained Wells Fargo Bank, NA to physically hold these assets. Capital One Bank, NA and State Street, NA provide cash management services. ASBCM engages Deloitte & Touche LLP, and Baker Tilly Virchow Krause LLP to conduct annual audits of the funds' financial statements in accordance with generally accepted accounting principles. ASBRE is deemed to have custody of the cash account for its separately managed development account.

For all equity and fixed income separately managed accounts, ASBCM has a reasonable belief that its client assets are held at qualified custodians. Clients should carefully review the statements received from the qualified custodian(s). Qualified custodians should generate client statements at least quarterly. For select clients, ASBCM may provide customized reports. Clients requesting these reports should carefully review the information against statements from the qualified custodian.

CCTC is custodian of certain ASBCM client assets and trustee on all of the collective funds managed by ASBCM. In turn, CCTC holds all publically traded securities and cash at its qualified custodian, SEI Private Trust Company. CCTC provides ASBCM an internal control report regarding the institutional custody services it provides for ASBCM clients. A copy of this internal control report is available to shared clients of ASBCM and CCTC. In addition, a copy of SEI Private Trust Company's internal control report is available to all ASBCM clients with assets held at that institution.

ITEM 16: INVESTMENT DISCRETION

ASBCM typically manages accounts on a discretionary basis. Clients will provide ASBCM with full discretion of the assets in their account(s) by signing ASBCM's Investment Management Agreement for Discretionary Accounts.

ITEM 17: VOTING CLIENT SECURITIES

Under Rule 206(4)-6 of the Investment Advisers Act of 1940, ASBCM is a fiduciary that owes each of its clients a duty of care and loyalty with respect to all services undertaken on the client's behalf, including proxy voting. In general, votes for ASBCM's clients follow the AFL-CIO proxy voting guidelines, which ASBCM believes to be consistent with the exercise of its fiduciary duty. This policy provides an indirect benefit to ASBCM in its business development efforts within the union marketplace. If a client desires an alternative set of proxy voting guidelines, ASBCM may arrange to vote the proxies in accordance with the client's best interests.

ASBCM employs a third party proxy voting vendor, Broadridge Financial Solutions, to administer the proxy voting process. Broadridge Financial Solutions votes the ballots and documents all voting activity on behalf of ASBCM. Clients may request a copy of ASBCM's proxy voting policies and procedures, as well as how their proxies were voted, by contacting Paul Duncan at 240-482-2990.

ITEM 18: FINANCIAL INFORMATION

Not Applicable. ASBCM does not require prepayment of client fees.

ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not Applicable.