

# PART 2A FORM ADV

LASALLE INVESTMENT MANAGEMENT  
SECURITIES, LLC

Dated as of March 23, 2018

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**This brochure gives information about qualifications and business practices of LaSalle Investment Management Securities, LLC ("LaSalle"). If you have any questions about the content of this brochure, please contact us at the number listed above. The information has not been approved or verified by the Securities Exchange Commission or any state securities authority. Registration with the Securities and Exchange Commission does not imply that LaSalle Securities or its employees have attained a certain level of skill or training. Additional information about LaSalle Securities also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Item 2.        Material Changes

This Form ADV Part 2A contains no material changes from the Form ADV Part 2A of LaSalle Investment Management Securities, LLC (“LaSalle Securities”) filed for the fiscal year ended December 31, 2016.

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Item 4. Advisory Business

A. Description of Firm

LaSalle Investment Management Securities, LLC ("LaSalle Securities") is an investment adviser that provides portfolio management services regarding real estate securities to high-net worth and institutional clients.

LaSalle Securities was formed in 1985 as Alex. Brown Realty Advisors, a subsidiary of the investment bank of Alex. Brown & Sons in Baltimore. LaSalle Partners acquired Alex. Brown Realty Advisors in 1994. In 1999, LaSalle Partners completed a merger with Jones Lang Wootton to form Jones Lang LaSalle Incorporated. LaSalle Investment Management, Inc., a wholly owned and operationally independent subsidiary of Jones Lang LaSalle Incorporated, is the sole member of LaSalle Securities. Jones Lang LaSalle Incorporated is publicly listed on the New York Stock Exchange under the symbol JLL.

As more fully described below in Item 4, Section B below, LaSalle Securities provides portfolio management services with respect to real estate securities traded on exchanges located throughout the world. LaSalle Securities' portfolio management services are tailored to meet each client's needs.

LaSalle Securities also has a strategic relationship with SG Hiscock & Company ("SGH"), which is an investment adviser registered with the Australia Securities and Investments Commission. The relationship contemplates SGH providing stock selection, hedging services, and/or trading of the portion of the portfolio regionally allocated to Australia only with respect to Australian clients that have entered into an agreement with SGH or LaSalle Securities for a global investment mandate. SGH provides currency hedging services (to the Australian dollar) to the extent such services are required by the Australian client in the investment management agreement. LaSalle Securities and SGH allocate fees received by the Australian client depending on the mandate of the client and origination of the client relationship.

LaSalle Securities is registered with the Dutch Authority for Financial Markets as an investment firm exempt from the licensing requirement as referenced in Section 2:96 of the Financial Supervision Act pursuant to Section 10(1) of the Exemption Regulation under the Dutch Financial Supervision Act. The purpose of this "light" registration is to enable LaSalle Securities to provide investment advisory services to institutional clients domiciled in The Netherlands.

## B. Description of Advisory Services

LaSalle Securities specializes in providing portfolio management services with respect to publicly-traded real estate equity securities trading on exchanges in North America, Europe and Asia-Pacific. LaSalle Securities' universe of publicly-traded real estate companies that it considers for investment are predominantly comprised of real estate investment trusts (as defined by local legislation) and real estate operating companies. LaSalle Securities may also invest in other companies that have significant exposure to real estate, such as holding companies that derive a significant portion of revenues from real estate-related assets or companies investing in hotels.

LaSalle Securities offers investment programs that allow clients to diversify holdings by geography and/or investment style. In this regard, LaSalle Securities offers a wide range of real estate securities programs including global, regional, and ex-home market mandates, which are available through conventional and core real estate securities strategies. We also offer a number of customized/differentiated products, such as Shariah, VAG-compliant (German Insurance Law), niche/specialty and gap-fill programs. LaSalle Securities may construct more tailored investment programs for clients if requested.

## C. Tailoring Advisory Services and Client Restrictions on Advisory Services

LaSalle Securities tailors its portfolio management services to the individual needs of clients in general to accommodate client investment objectives and operational requirements to the extent that LaSalle Securities can accommodate such needs and will not adversely affect the services that it must provide to other clients.

As described in more detail below in Item 8, LaSalle Securities employs both a top-down and bottom-up analytical approach and adjusts the target weightings of securities in the client's portfolio in comparison to the client's target benchmark as a result of the analyses. Fund flows requested by the client, adjustments to LaSalle Securities' target weightings for securities within a benchmark and periodic rebalancing of the portfolio to the target weightings drive the majority of client transactions. Portfolio managers determine the appropriate target weights for client accounts with oversight by the Portfolio Management Oversight Committee (see Item 13 for more information regarding the Portfolio Management Oversight Committee).

LaSalle Securities permits clients to impose reasonable restrictions on investing in certain securities and types of securities. Common limitations present in agreements include investing only in publicly traded real estate related securities, maximum exposure to an individual holding, maximum holdings in cash and maximum spreads between portfolio holdings and the target benchmark. Maximum spread limitations generally apply to geographic and sector (e.g., office, retail, hotels, multi-family) weightings as identified by the benchmark provider.

## D. Wrap Fee Programs

LaSalle Securities does not participate in wrap fee programs.

E. Assets Under Management

As of December 31, 2017, LaSalle Securities had \$ 9,007,862,982 total assets under management, all of which are managed on a discretionary basis.

Item 5. Fees and Compensation

A. Description of Compensation Arrangements

The majority of clients compensate LaSalle Securities based on fixed or tiered percentage of assets under management, as those assets change in value from time to time. Some clients compensate LaSalle Securities based on a blended fee structure consisting of a (i) reduced fixed or tiered percentage of assets under management and (ii) performance-based fee structure. All incentive fee arrangements agreed to by LaSalle Securities comply with Rule 205-3 under the Investment Advisers Act of 1940 (Advisers Act).

B. Manner of Fee Payment

LaSalle Securities generates an invoice for its fee and bills the client for fees incurred. These fees may be paid out of the client account but ultimately this is determined and directed by the client. In the substantial majority of cases, the payment procedures are described in the client agreement. These procedures usually include such detail as the manner in which fees are calculated and the process for generating an invoice.

For those accounts in which LaSalle Securities serves as subadvisor to SGH, an invoice is provided to LaSalle Securities that breaks out the fees payable to LaSalle Securities and SGH.

C. Other Fees Clients May Be Charged

In addition to fees that LaSalle Securities charges clients for its management services, clients will also be charged brokerage commission fees for trades executed on behalf of the account. The brokerage commission fees charged for execution will include execution costs, and if a full service broker is used, costs for permissible research and brokerage services as permitted under Section 28(e) of the Securities Exchange Act of 1934 (referenced as "Section 28(e)"). A brokerage fee for a particular trade will also include any applicable transaction fees and taxes, such as stamp taxes, that are required in a foreign jurisdiction; LaSalle Securities in general does not obtain from the broker these miscellaneous charges and therefore does not report these miscellaneous charges in client reports. LaSalle Securities furthermore does not unbundle brokerage commission costs so as to allocate between the brokerage commission fee the portion charged by the broker for execution and the portion charged by the broker for permissible research and services under Section 28(e). More information about brokerage commission and LaSalle Securities' use of soft dollars is set forth in Item 12 below.

Clients should also expect to pay fees to the custodian that the client hires to hold its assets. LaSalle Securities does not participate in the negotiation process between the client and the custodian so it does not know the fees that the custodian will charge a client.

LaSalle Securities' clients may also incur costs for de minimus losses associated with LaSalle Securities' trade or operational errors, which LaSalle Securities has identified in

its policies and procedures as an amount in each case that is less than \$500. LaSalle Securities believes this approach is reasonable given the relative minimal number of historical trade or operational errors and the procedures it has in place to prevent trade errors from occurring. Similarly, clients may incur miscellaneous custodial charges that arise from LaSalle Securities' portfolio management activities and foreign exchange operations, such as interest charges or overdraft fees in sub-custodial accounts. LaSalle Securities generally will not reimburse clients for such custodial fees, regardless of cause, if the amount is less than \$500. LaSalle Securities believes instances giving rise to custodial and sub-custodial charges are both infrequent and difficult (and sometimes impossible) to identify even with significant effort by the custodian.

D. Timing of Fee Payments

LaSalle Securities' current client relationships provide for investment management fees to be paid to LaSalle Securities in arrears. In general, LaSalle Securities would require prospective clients to agree to a payment in arrears structure even upon the request of the client that fees be paid in advance.

E. Receipt of Compensation for Sales

LaSalle Securities and its personnel do not receive any sales-based compensation.

Item 6. Performance-Based Fees and Side-By-Side Management

LaSalle Securities manages certain client accounts that have performance-based fee structures. These accounts represent a small percentage both with respect to the total number of accounts and total number of assets. As noted above in Item 5A, the substantial majority of client accounts that LaSalle Securities manages have a fee structure that either applies a fixed or tiered percentage of assets under management, as those assets change in value from time to time.

LaSalle Securities is faced with conflicts of interest in the course of managing client accounts side by side that have performance-based fee structures and non-performance based fee structures. LaSalle Securities has an incentive to favor accounts that have performance-based fees in those cases where the fees would generate a proportionately higher return for LaSalle Securities than the non-performance fee based structures that would reflect higher fees as the assets in the account increase.

LaSalle Securities believes that the following circumstances mitigate the incentive for LaSalle Securities to favor performance-based fee accounts:

- LaSalle Securities' general trading policy is to purchase or sell securities for multiple accounts in a "bunched" order with respect to those orders for a particular security which are submitted to the trading desk at the same time, which decreases opportunities for accounts to trade ahead of others in the normal course of business. As further described in Item 12, all clients participating in a "bunched" order participate at the average price for the trade.
- The majority of the performance fee-based accounts have similar investment guidelines to other non-performance fee based accounts, which tends to result in consistent portfolio management across accounts regardless of the fee structure.

- LaSalle Securities' PMOC compares the performance of all client accounts from time to time to understand the causes of under-performance/over-performance of accounts following similar investment mandates.
- The substantial majority of LaSalle Securities' accounts are non-performance fee based and LaSalle Securities is incented to generate strong performance for these accounts as an increase in the value of the assets in these accounts would result in an increase in the fees payable to LaSalle Securities under the assets under management fee model.

#### Item 7. Types of Clients

LaSalle Securities provides investment advice to institutional clients such as U.S. registered investment companies, U.S. state and local municipal pension funds, foreign pension funds, endowment funds and ERISA pension plans. LaSalle Securities also serves as the subadvisor to foreign investment vehicles through which retail, high-net worth and institutional investors invest. High net worth clients represent a very small percentage of LaSalle Securities' assets under management. LaSalle Securities does not have a minimum account size requirement, although it generally seeks prospective institutional clients with at least fifty million dollars to invest with LaSalle Securities.

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

##### **Methods of Analysis and Investment Strategies**

LaSalle Securities' investment strategy is to combine a real estate investment orientation with a value-based investment discipline. LaSalle Securities believes that the long-term performance of real estate securities will be driven by the performance of their underlying assets and the ability of management to create value. LaSalle Securities dedicates substantial resources to real estate and real estate securities research and analysis in order to understand these companies' asset values, cash flows, long term growth rates, and associated risks. LaSalle Securities believes that the combination of these items will ultimately determine the value of these firms.

LaSalle Securities' investment process takes into consideration both top-down and bottom-up analyses to construct portfolios that best meet each particular client's risk/return objective. The top-down research process yields an understanding of the overall economic and real estate conditions existing in LaSalle Securities' investable markets, including the consideration of regional economic trends, real estate fundamentals and regional capital flows. The bottom-up research process includes identifying mispriced securities. LaSalle Securities utilizes a variety of valuation metrics to assess relative value. Relative valuation and overall portfolio diversification objectives are the primary determinates of stock selection and stock weightings versus the benchmark.

Investing in securities involves risk of loss that clients should be prepared to bear. LaSalle Securities is subject to fiduciary duties imposed under the Investment Advisers Act of 1940 as well as the standard of care reflected in each applicable client agreement, but LaSalle Securities does not guarantee that the value of the investments held in a portfolio will not fall or that the investment decisions its makes will ultimately generate positive returns for its clients. LaSalle Securities provides no warranty that the client's investment or performance objectives will be met.



## **Material Risks Involved with Investing In Publicly Traded Real Estate Securities**

Material risks relevant to investing in publicly traded real estate securities are as follows:

**Market Risk.** The value of stocks and other securities held as investments will fluctuate depending on the performance of the companies that issued them, general market and economic conditions, and investor confidence. The market may also fail to recognize LaSalle Securities' determination of an investment's value or LaSalle Securities may misgauge that value.

**Real Estate Sector Risk.** Companies that have similar lines of business are grouped together in broad categories called sectors. LaSalle Securities concentrates its investments in the real estate sector, which are particularly sensitive to the following economic factors: decreases in demand due to economic recessions; increases in supply due to overbuilding; interest rate changes; changes in zoning laws; changes in neighborhood values; increases in property taxes; casualty and condemnation losses; and regulatory limitations on rents. While a diversified portfolio containing real estate securities as well as investments in multiple sectors may help mitigate the effect of these economic factors, LaSalle Securities does not provide that type of investment advisory service and instead will maintain an account fully vested in real estate securities as instructed by the client's investment guidelines. Publicly traded real estate companies may be subject to risks similar to those associated with the direct ownership of real estate. These include:

- declines in real estate values
- defaults by mortgagors or other borrowers and tenants
- increases in property taxes and operating expenses
- overbuilding
- fluctuations in rental income
- changes in interest rates
- possible lack of availability of mortgage funds or financing
- extended vacancies of properties
- changes in tax and regulatory requirements (including zoning laws and environmental restrictions)
- losses due to costs resulting from the clean-up of environmental problems
- liability to third parties for damages resulting from environmental problems
- casualty or condemnation losses

**Use of Leverage to Acquire Properties.** Real estate companies often finance a portion of the real estate investments with debt. Properties owned by real estate companies may be highly leveraged and financial covenants may affect the ability of real estate companies to operate effectively. In addition, a real estate company's obligation to comply with financial covenants, such as debt-to-asset ratios and secured debt-to-total asset ratios, and other contractual obligations may restrict the company's range of operating activity. A real estate company in which LaSalle Securities invests, therefore, may be limited from incurring additional indebtedness, selling its assets and engaging in mergers or making

acquisitions which may be beneficial to the operation of the company. Companies unable to comply with mortgage financing terms may ultimately be required to forfeit the property to the lender(s).

***Environmental Considerations.*** In connection with the ownership (direct or indirect), operation, management and development of real properties that may contain hazardous or toxic substances, a real estate company may be considered an owner or operator of such properties or as having arranged for the disposal or treatment of hazardous or toxic substances and, therefore, may be potentially liable for removal or remediation costs, as well as certain other costs, including governmental fines and liabilities for injuries to persons and property. The existence of any such material environmental liability could have a material adverse effect on the results of operations and cash flow of any such real estate company and, as a result, the amount available to make distributions on its shares could be reduced.

***Small and Medium Capitalization Companies.*** Even the larger real estate companies in the industry tend to be small to medium-sized companies in relation to the equity markets as a whole. There may be less daily trading volume in a smaller company's stock, which means that buy and sell transactions in that stock could have a larger impact on the stock's price than is the case with larger company stocks. Further, smaller company stocks may perform in different cycles than larger company stocks. Accordingly, real estate company shares can be more volatile than, and at times will perform differently from, the shares of "blue chip" companies.

***Portfolio Turnover Risk.*** LaSalle Securities may sell its investment securities, regardless of the length of time that they have been held, if LaSalle Securities determines that it would be in the best interests of its clients to do so. These transactions will increase the investment's "portfolio turnover." High turnover rates generally result in higher brokerage costs to its clients and in higher net taxable gain which may reduce client returns.

***Currency Risk and Exchange Risk.*** Because foreign securities generally are denominated and pay dividends or interest in foreign currencies, the value of the investments in foreign securities as measured in local currency will be affected favorably or unfavorably by changes in exchange rates. Generally, when the local currency rises in value against a foreign currency, a security denominated in that local currency loses value because the currency is worth fewer dollars. Conversely, when the local currency decreases in value against a foreign currency, a security denominated in that currency gains value because the currency is worth more local dollars. This risk, generally known as "currency risk," means that a stronger local currency will reduce returns for investors while a weak local currency will increase those returns. As a general matter, LaSalle Securities does not engage in transactions to hedge against currency fluctuations, although certain other advisers to funds that LaSalle Securities sub-advises have adopted that strategy.

***Trading.*** As a general matter LaSalle Securities considers its investment strategies longer-term in nature, and trading on a short term basis is not the primary focus. However, LaSalle Securities will continue to purchase or sell securities even for longer-term strategies as its assessments of the intrinsic value of the investments and other micro and macro factors change. As a result, while the composition in a portfolio may not change materially, the typical portfolio turnover exceeds 40%. As the level of portfolio turnover increases,

brokerage and other transaction-related costs increases, and there may be less favorable tax treatment of short-term capital gains.

***Volatility of Investment Results.*** As with any investment in equity securities, the value of an investment and the total return on a client's investment are subject to the possibility that the subject portfolio of investments will experience sudden, unpredictable drops in value or long periods of decline in value. This may occur because of factors that affect the securities markets generally, such as adverse changes in economic conditions, the general outlook for corporate earnings, interest rates or investor sentiment. LaSalle Securities' investments may also lose value because of factors affecting an entire industry or sector, such as increases in production costs, or factors directly related to a specific company, such as decisions made by its management.

***Risks of Investing in Foreign Securities.*** Some of LaSalle Securities' strategies may require investing in foreign securities that will be subject to risks not typically associated with domestic securities. Foreign investments can be riskier and more volatile as a result of varying custody, brokerage and settlement practices, difficulty in pricing of securities, less public information about issuers of such securities, less governmental regulation and supervision of the issuance and trading of securities, the possibility of expropriation or nationalization, adverse political, social or diplomatic developments, the imposition of withholding and other taxes, limitations on the movement of funds between different countries, and difficulties in invoking legal process abroad and enforcing contractual obligations. Changes in the value of foreign currencies can make it more difficult for the portfolio holding such securities to sell its securities and could reduce the value of an investment in the portfolio.

***Strategy May Not Be Successful.*** No guarantee or representation can be made that the investment strategy utilized on behalf of any client will be successful, that there will be profits, or that losses will be avoided. There is no assurance that LaSalle Securities or its affiliates will correctly evaluate the nature and magnitude of the various factors that could affect the prospects of LaSalle Securities' trading.

***Dependence on Affiliated Advisers and their Officers.*** LaSalle Securities has discretionary investment authority over clients' investments. The success of these investments will depend upon the ability of LaSalle Securities and any of its affiliated advisors that are utilized to successfully implement their investment strategies. Clients' investment performance will be dependent on the services of a limited number of officers of LaSalle Securities and its affiliated advisors. If the services of the officers were to become unavailable to LaSalle Securities and its affiliated advisors, the result of such a loss of key management personnel could be substantial losses for LaSalle Securities' clients.

***Differences in Client Performance Results.*** There may be differences in client performance results for any given strategy based upon factors such as the amount of the investments made for each client account, the timing associated with when such investment is made and the frequency of cash flows to and from the account.

***Risk Characteristics of the Trading Strategy.*** The risk characteristics for an actual portfolio for any given strategy (standard deviation, beta, Sharpe Ratio, etc.) could vary substantially from those shown for a model analysis. There is no assurance that any desired risk characteristics will actually be achieved for an actual portfolio following any given strategy.

***Possession of Material Non-Public Information and Contractual Restrictions on Trading.***

LaSalle Securities may come into possession of material non-public information (MNPI) in connection with securities transactions that would prevent it from buying or selling securities about which the MNPI relates until such time as the information is no longer material or the material information is released publicly. Similarly, LaSalle Securities may agree by contract to refrain from trading in certain securities for a period of time. This can occur, for example, if it buys a security and as a pre-condition to the purchase, sign an agreement that prevents it from selling the security or buying more of that security or a related security covered by such agreement until the restrictions imposed by the agreement expire. Additionally, LaSalle Securities may come into possession of MNPI as a result of a securities transaction through discussions with the issuer, or by contract. In any of these types of circumstances, LaSalle Securities will be bound by applicable law or the contract. In those cases, LaSalle Securities will be prohibited from selling an existing position, even if it is declining in value, and LaSalle Securities will be prohibited from buying more of that position (or securities of related companies, if covered by an agreement or the MNPI is about related companies) even if the value of such company's stock is increasing. Accordingly, client accounts could be frozen in a security position for a prolonged period of time, or client accounts could be prevented from owning a security position as a result.

**Item 9. Disciplinary Information**

Neither LaSalle Securities nor its management persons have been involved in legal or disciplinary events that it believes are material to a client or prospective client's evaluation of LaSalle Securities' advisory business or the integrity of its management.

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

- A. LaSalle Securities' parent, LaSalle Investment Management, Inc., is the sole member of LaSalle Investment Management Distributors, LLC ("LIMD"), a limited purpose broker-dealer registered with FINRA. LIMD is permitted to engage in private securities transactions and wholesale activities. It is not permitted to transact orders in public equity transactions of the type entered into by LaSalle Securities, and accordingly LaSalle Securities does not believe its affiliation with LIMD presents any material conflicts of interest with its clients.
- B. Neither LaSalle Securities nor any of its management persons are registered or have an application pending to register as a future commission merchant, commodity pool operations, a commodity trading advisor or an associated person of the foregoing entities.
- C. LaSalle Securities has the following relationships with its affiliates that are material to its business:
  - 1. LaSalle Investment Management, Inc. LaSalle Investment Management, Inc., a Maryland corporation, is a real estate investment adviser that provides investment management and advisory services on real estate assets to institutional clients. LaSalle Investment Management, Inc. is registered with the SEC as an investment adviser. Jones Lang LaSalle Incorporated is the direct parent of LaSalle Investment Management, Inc., and LaSalle Investment Management, Inc. is the sole member of

LaSalle Securities. LaSalle Securities and LaSalle Investment Management, Inc. share certain legal and compliance personnel. Additionally, LaSalle Securities obtains real estate research from LaSalle Investment Management, Inc.

2. LaSalle Investment Management Securities B.V. LaSalle Investment Management Securities B.V. ("LaSalle B.V.") is an indirect, wholly-owned subsidiary of LaSalle Securities' ultimate parent, Jones Lang LaSalle Incorporated. Employees of LaSalle B.V. located in Amsterdam, The Netherlands, are associated persons of LaSalle Securities and operate under the supervision of LaSalle Securities. Pursuant to guidance issued by the SEC staff permitting non-U.S. affiliates of SEC-registered investment advisers to share personnel without requiring the non-U.S. affiliate to be registered, certain personnel of LaSalle B.V. provide services to LaSalle Securities and its clients. The activities that are performed in the Amsterdam office include trading, trading operations, securities analyses and limited portfolio management activities, all of which are under the ultimate authority and control of individuals located in LaSalle Securities' main office in Baltimore.
3. LaSalle Investment Management Securities H.K. LaSalle Investment Management Securities H.K. ("LaSalle H.K.") is a Hong Kong company that is licensed with the Hong Kong Securities Future Commission to conduct Type 1, Type 4 and Type 9 activities. Type 1 activities generally include dealing in securities and Type 4 activities generally include advising on securities (such as issuing analyses and reports and providing advice on securities). Type 9 activities generally include the performance of portfolio management activities. Currently, LaSalle H.K. provides analyses and reports and general securities advice to LaSalle Securities with respect to real estate companies located in the Asia-Pacific region. LaSalle H.K. will structure its operations and compliance program consistent with the terms and conditions set forth in the no-action letter issued by the SEC's Division of Investment Management to ABN AMRO Bank N.V., et al. (publicly available on July 1, 1997) in the event it engages in portfolio management activities on behalf of LaSalle Securities clients. LaSalle H.K. currently has no investment advisory clients.
4. Jones Lang LaSalle Incorporated. LaSalle Securities obtains real estate research from its sister affiliate entities operating under the Jones Lang LaSalle Incorporated family of subsidiaries.

LaSalle Securities does not believe that any of these affiliations create material conflicts of interest for the firm.

D. Other than the relationship that exists between LaSalle Securities and SGH as described above in Item 4, LaSalle Securities does not recommend or select other investment advisers for our clients.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. LaSalle Securities' Code of Ethics (Code) is designed to comply with Rule 204A-1 of the Advisers Act. LaSalle Securities' Code includes the following requirements, among others:

1. No LaSalle Securities employee may purchase the securities of any issuer whose primary business is investment in real estate.
2. Access Persons are required to submit quarterly transaction reports and annual holding reports within 30 days of end of the calendar quarter.
3. All employees are required to request approval for the purchase and sale of securities of funds for which LaSalle Securities acts as the adviser or sub-adviser.
4. No Access Person may purchase new issues of securities issued in an initial public offering without the prior approval of the Chief Compliance Officer or his designee.

LaSalle Securities will provide a copy of the Code to you upon request.

B. As a standard course of business neither LaSalle Securities nor a *related person* of LaSalle Securities recommends to LaSalle Securities' clients, or buys or sells for LaSalle Securities' client accounts, securities in which LaSalle Securities or a *related person* has a material financial interest. In very limited cases, LaSalle Investment Management, Inc. may advise its own clients regarding investments in, or transactions with, publicly traded real estate companies that may also be held in LaSalle Securities' client accounts. LaSalle Investment Management, Inc. may possess material, non-public information as a result of these investments or transactions.

LaSalle Securities deals with this conflict through annual compliance training that includes material on insider trading, including the sharing of information among affiliates. This training includes LaSalle Securities' Code of Ethics and the procedures reflected in the Code that relate to the Insider Trading & Securities Fraud Enforcement Act of 1988. LaSalle Securities has procedures that are designed to address how it manages instances where LaSalle Securities or an affiliate may be in possession of material, non-public information relating to publicly traded real estate companies.

C. LaSalle Securities' related persons (generally employees of LaSalle Securities' affiliates) from time to time have bought or sold, or will subsequently buy or sell, for their personal accounts, securities which are also purchased or sold for the account of LaSalle Securities' clients. LaSalle Securities and its related personnel are subject to policies governing the ability to trade in personal accounts. The guidelines generally require that such trading be conducted for investment rather than speculative purposes (including by having minimum holding periods) and that all such real estate personal securities transactions are reported to, and/or receive pre-clearance from, the local compliance teams responsible for the

relevant affiliate. These policies are designed to comply with local regulatory requirements applicable to the affiliate. In addition, LaSalle Securities' affiliates have implemented certain policies and procedures (e.g., information walls) to restrict access to material non-public information and information flow between business units.

Item 12. Brokerage Practice

A. Factors used to select broker-dealers for client transactions.

1. Research and Other Soft Dollar Benefits. In selecting brokers to effect transactions in real estate-related securities, LaSalle Securities considers the quality of services and the benefits provided by broker-dealers, and as a result, may select a broker-dealer whose commission costs may be higher than another would have charged. In doing so, LaSalle Securities considers some or all of the following factors: price, market familiarity, reliability, integrity, commission rates, execution and settlement capabilities, ability to handle large orders, experience with real estate related securities, financial condition, technological infrastructure and operational capabilities, willingness to commit capital and research capabilities.

Research capabilities considered will be expected to provide lawful and appropriate assistance to LaSalle Securities in the performance of investment decision making responsibilities. LaSalle Securities primarily receives the following types of research products from brokers: investment and financial market research, securities and economic analysis, industry research and company research. When LaSalle Securities receives research, products or services ("Soft Dollar Benefits") other than execution from brokers, LaSalle Securities receives a benefit as it does not have to pay for the research, products or services. The receipt of these items and services could incentivize LaSalle Securities to select or recommend a broker-dealer based on LaSalle Securities' interest in receiving the items and services.

Research provided by these brokers is used to service all of LaSalle Securities' clients. However, each and every research service may not be used for the benefit of each and every account managed by LaSalle Securities, and brokerage commissions paid by one account may apply towards payment for research services that might not be used in the service of that account. Research services may be shared between LaSalle Securities and its affiliates. LaSalle Securities notes that there is no agreement or formula for the allocation of brokerage business on the basis of research services. LaSalle Securities may, in its discretion, cause client accounts to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would charge. This may be done where LaSalle Securities has determined in good faith

that the commission costs are reasonable in relation to the value of brokerage and research services received viewed over time, as opposed to trade by trade. In reaching such a determination, LaSalle Securities does not "unbundle" or place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

LaSalle Securities periodically reviews which brokers have provided brokerage and research services in its Brokerage Allocation Committee meetings that have been helpful in the management of client accounts. The Committee places the brokerage firms in tiers based on its general assessment of the quality of services the brokerage firms provide. Each tier represents a percentage range that LaSalle Securities' traders use to help manage how brokers are allocated trades. Brokerage firms that provide services of greater importance to LaSalle Securities are placed in higher tiers, resulting in a greater allocation of trades. In this regard, LaSalle Securities may endeavor to direct sufficient commissions to such broker-dealers to ensure continued receipt of research and brokerage services which LaSalle Securities believes benefits its clients.

LaSalle Securities negotiates commission rates when possible. In certain cases, LaSalle Securities strategically uses execution-only brokers to lower the overall total cost of commissions paid by the client account. Otherwise, LaSalle Securities uses full service brokers that charge higher commission costs than execution-only brokers. LaSalle Securities uses full service brokers as a component of its brokerage strategy because it believes the factors described in first paragraph of this Item 12 and research capabilities described in the second paragraph of this Item 12 over time benefit its clients.

LaSalle Securities does not generate soft dollar credits or other types of soft dollars with brokers who receive commissions from LaSalle Securities as a material component of its brokerage allocation strategy. LaSalle Securities therefore does not allocate soft dollar benefits to clients proportionately to the soft dollar credits the accounts generate. LaSalle Securities does not have any soft dollar agreements and it is not aware of any arrangements that would require LaSalle Securities to maintain a certain level of commissions paid to a broker in exchange for Soft Dollar Benefits.

2. Brokerage for Client Referrals. LaSalle Securities does not consider, in selecting or recommending broker-dealers, whether LaSalle Securities or a related person receives client referrals from a broker-dealer or third party.
3. Directed Brokerage. LaSalle Securities does not recommend, request or require that a client direct LaSalle Securities to execute transactions through a particular broker-dealer. However, LaSalle Securities does permit a client to direct where LaSalle Securities direct brokerages for the client account and this requirement is either reflected in the client agreement or otherwise in writing by the client. LaSalle Securities'



trading desk is responsible for monitoring the progress the client's directed brokerage requirement, and progress with the directed trading is reviewed in LaSalle Securities' brokerage allocation committee meetings. By directing LaSalle Securities to use a particular broker-dealer without regard to the principle of best execution, the client may receive a less favorable execution and be subject to other disadvantages, including paying higher fees. For example:

- (i) LaSalle Securities generally views the commission rate to be a private matter subject to negotiation between the client and the broker-dealer and will not seek to negotiate a better rate with the broker-dealer;
- (ii) the client may be unable to participate in a more favorable stock price secured by a broker as a result of order aggregation;
- (iii) the client may pay higher transaction costs, including commissions, than it otherwise would have had if it not designated a particular broker-dealer;
- (iv) the client may be limited in the allocation of IPOs; or
- (v) the client's orders may be entered and executed after other client's orders for the same security, with the result that market movements may work for or against the client.

Clients should periodically evaluate their directed brokerage arrangements to ensure that the services provided under their directed brokerage arrangement continue to satisfy their needs.

- B. The custodian(s) of LaSalle Securities' high net worth clients may charge various transaction fees for the execution of trades. For example, the custodian may charge a fixed commission cost for each transaction regardless of whether the trade is entered through the custodian or traded away by LaSalle Securities through another broker-dealer. LaSalle Securities would generally submit trades through the custodian to avoid the extra commission fees that the client would otherwise incur by LaSalle Securities trading away from the custodian. If these fees are not present or are otherwise avoidable, LaSalle Securities would endeavor to trade on behalf of these accounts with its roster of approved broker-dealers in the normal course of business and instruct the broker-dealer to allocate the executed shares to the high net worth client's custodial account.
- C. Aggregation of Orders for Client Accounts. Subject to limits contained in client investment guidelines, LaSalle Securities has discretion over the amount of securities to be bought or sold for the accounts it manages. In regard to the aggregation of client orders, LaSalle Securities' general policy is that the trading desk purchases or sells securities for multiple accounts in a "bunched" order form with respect to those orders for a particular security which are submitted to the trading desk at the same time. LaSalle Securities effects such aggregated or "bunched" orders in a manner intended to result in fair and equitable treatment of its clients over time. Generally, this means that the participating clients will receive the average price of the transactions associated with the order and partial

executions will be allocated pro rata among participating clients. Exceptions to pro rata allocations may occur provided the effects of such allocations are fair and equitable to clients over time. Exceptions to this general policy are permitted based on fairness and/or when it is determined to be in the best interest of clients.

Initial public offering (IPO) shares of a new security are allocated to client accounts as determined by the proposed target weighting of the IPO security within each client portfolio. If LaSalle Securities receives less IPO shares in the final allocation by the issuer or underwriter(s), the proposed allocations to client accounts are reduced proportionately. LaSalle Securities considers various factors, including, among others: (i) suitability and permissibility of the investment for its various clients; (ii) operational limitations; and (iii) eligibility to participate in accordance with FINRA Rules 5130 and 5131, in determining whether a client account is eligible to participate in an IPO. Deviations from our general policy on IPO allocations may be made for good cause, which would include the following reasons: (i) to eliminate de minimis positions; (ii) to address issues of concentration; (iii) to reflect cash flow limitations; and (iv) to address suitability of the IPO for the account.

#### Item 13. Review of Accounts

LaSalle Securities reviews client accounts on a regular basis. The main oversight mechanism is an internal LaSalle Securities committee called the Portfolio Management Oversight Committee ("PMOC"). The PMOC is comprised of LaSalle Securities' senior portfolio managers: Stan Kraska (CEO), George Noon (Global Portfolio Manager) Lisa Kaufman (North America Portfolio Manager) and Matthew Sgrizzi (Europe Portfolio Manager and Deputy Global Portfolio Manager). This committee meets on a regular basis, including weekly meetings focused on reviewing market conditions and portfolio management related issues and formal quarterly meetings to review performance versus client objectives and client relationship management events and issues.

The standard language in client agreements generally provides for written reports to be provided to clients on a monthly basis. The reports generally contain the following information: (i) month-end security holding valuations; (ii) contributions/withdrawals by the client; (iii) account performance, including a comparison against the account's benchmark over identified periods; (iv) transaction summary; and (v) a reconciliation of the Firm's records compared to those of the custodian.

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

LaSalle Securities does not have an arrangement with a non-client whereby LaSalle Securities receives an economic benefit as a result of the non-client providing investment advice or other advisory services to our client(s).

Currently all of LaSalle Securities' HNW clients are sourced through Alamo Advisers, LP, an unaffiliated SEC registered investment adviser ("Alamo Clients"). LaSalle Securities does not have a formal arrangement or solicitation agreement in place with

Alamo Advisers for the solicitation of Alamo Clients and LaSalle Securities does not compensate or otherwise share the investment advisory fees it receives in connection with the Alamo Clients with Alamo Advisers, LP.

Employees of LaSalle Securities' sister affiliates often participate in the solicitation of prospective clients. These individuals may receive indirect compensation from LaSalle Securities in connection with their efforts in obtaining new advisory clients for LaSalle Securities. Compensation for such employees is determined by the affiliate with which they are employed, but in general would be reflected, if at all and along with other factors, in the employee's annual bonus.

#### Item 15. Custody

LaSalle Securities does not maintain custody of client funds or securities. LaSalle Securities' clients are responsible for choosing and liaising with the custodian and arranging for the fees that the custodian charges. LaSalle Securities does not have the authority to withdraw its advisory fees from the custodian. The investment management agreement between LaSalle Securities and the client generally provides for the manner in which LaSalle Securities is to bill the client for its investment management fees.

#### Item 16. Investment Discretion

LaSalle Securities accepts discretionary authority to manage securities accounts on behalf of clients. Limitations on this authority are reflected in a written agreement between LaSalle Securities and the client. Limitations vary among agreements, but customarily address the following points:

- LaSalle Securities' authority to purchase and dispose of securities
- LaSalle Securities' use of broker-dealers to effect transactions
- The party responsible for voting proxies relating to securities held in the client account
- Restrictions on the type of holdings that may be held in the account, such as common stock, preferred securities
- Geographic limitations of security holdings, such as a limitation to only invest in real estate companies located in the United States
- Real estate sector limitations of security holdings, such as limitations on holdings in the apartment sector
- Investments in initial, secondary or follow-on offerings

LaSalle Securities customarily does not execute other documentation, such as a power of attorney, to evidence its authority to execute transactions on behalf of the client's account.

#### Item 17. Voting Client Securities

LaSalle Securities has authority to vote securities for certain clients. Clients that do not give authority to LaSalle Securities to vote securities state this limitation in the client agreement.

LaSalle Securities adopted a Proxy Voting Policy (the "Policy") to address how LaSalle Securities will vote proxies on behalf of clients. The Policy seeks to ensure that LaSalle Securities will vote proxies in the best interest of clients, including when there may be material conflicts of interest in voting proxies. The Policy is designed to ensure that LaSalle Securities votes proxies in a manner that, in LaSalle Securities' judgment, is in the best interest of its clients. LaSalle Securities' Policy states that it generally follows the vote recommendations of the Institutional Shareholder Services ("ISS") Benchmark guidelines and it identifies exceptions where it may not vote consistent with ISS. The policy also identifies specific types of ballot measures that appear more frequently than others and describes how LaSalle Securities will vote on those particular types of ballot measures.

The Policy states that material conflicts of interest may arise from time to time in the course of LaSalle Securities exercising its authority to vote proxies. LaSalle Securities describes in the Policy the nature of conflicts that could arise in the course of a client relationship. The Policy describes three alternative voting procedures that LaSalle Securities deems appropriate to mitigate the conflict of interest. LaSalle Securities will choose the procedure that it believes to be most appropriate under the circumstances.

Clients can contact Chaim Preiser, Proxy Administrator, at LaSalle Securities at 410.878.4865 to receive a copy of the Policy or to receive information with respect to how LaSalle Securities voted proxies for the requesting client.

#### Item 18. Financial Information

LaSalle Securities does not require or solicit prepayment of any fees from its clients.

LaSalle Securities does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

LaSalle Securities has not been the subject of a bankruptcy petition at any time during the past ten years.