

# **ASB Capital Management LLC**

## **Form ADV Part 2A Brochure**

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Revised on:  
March 29, 2024

### **ITEM 1: COVER PAGE**

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](mailto: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. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about ASB Capital Management LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2: SUMMARY OF MATERIAL CHANGES**

This brochure dated March 29, 2024, serves as an update to ASB Capital Management LLC's Form ADV Part 2 brochure dated March 31, 2023. The following material changes have been made to ASB Capital Management LLC Form ADV Part 2 (the "Brochure") dated March 31, 2023.

*Item 5: Fees and Compensation* was updated to further clarify real estate expense allocation determinations.

*Item 8: Methods of Analysis, Investment Strategies and Risk of Loss* was updated to further clarify instruments utilized in the investment strategies and to notate the risks associated with investing in those instruments.

*Item 17: Voting Client Securities* was updated to include a section titled "Class Actions and Other Litigation Matters."

Certain non-material changes were also made to this Brochure. We encourage you to read the Brochure in its entirety.

However, ASB Capital Management LLC routinely makes updates throughout the Brochure to improve and clarify the description of its business practices, compliance policies, and procedures, as well as to respond to regulatory updates and evolving industry best practices.

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## **ITEM 4: ADVISORY BUSINESS**

ASB Capital Management LLC (“ASBCM”) was originally established in 1983, and is a registered investment adviser with the Securities Exchange Commission, and a Maryland 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”) that is also an SEC-registered investment adviser. ASBCM provides investment management services to qualified individuals and various types of institutional clients, as well as providing advisory services to pooled investment vehicles (“Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended and whose securities are not registered under the Securities Act of 1933, as amended. Where the context permits, references herein to “ASBCM” shall also refer to subsidiaries of ASB Capital Management LLC that serve as general partners of the Funds. ASBCM’s assets under management for December 31, 2023, were valued at \$29,726,275,256, all of which is managed on a discretionary basis.

ASBCM is organized into two separate divisions: ASB Investment Management (“ASBIM”) and ASB Real Estate Investments (“ASBREI”). ASBCM’s advisory services encompass discretionary investment advice for strategies in equities, fixed-income securities and real estate investments.

### **ASB Investment Management Division (ASBIM)**

ASBIM provides investment management services to qualified 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 Funds, which can admit investors that are qualified ERISA pension plans or tax-deferred entities.

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 establishment of restrictions in the portfolio management trade order system by Compliance personnel. 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 adviser to a Fund, the Fund's governing document is the guiding document for investment guidelines instead of the investment policy statements of the Fund's investors.

#### ASB Real Estate Investments Division (ASBREI)

ASBREI provides real estate investment management services to Funds and one separate account for certain institutional clients. Investors in the Funds advised by ASBREI include accredited investors that include Taft-Hartley plans, pension and retirement programs, endowments and foundations, corporations and other types of accounts. ASBREI's advisory services primarily encompass discretionary advice for strategies in real estate investments.

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

ASBREI is adviser to the ASB Allegiance Real Estate Fund, a collective investment fund (the "Group Trust"). CCTC, an affiliate, acts as trustee and custodian to the Group Trust and participation in the Group Trust is limited to qualified ERISA plans. The only investment by the Group Trust is as a limited partner in the ASB Allegiance Real Estate Fund, LP. CCTC, as trustee of the Group Trust, reviews the private placement memorandum of ASB Allegiance Real Estate Fund, LP (the "PPM") on behalf of the Group Trust. A copy of the PPM is available to participants in the Group Trust upon request.

ASBCM is also adviser to the ASB Meridian Fund Series (the "ASB Meridian Real Estate Funds") and indirect subsidiaries of ASBCM serve as the general partner of each of the ASB Meridian Real Estate Funds. Only accredited investors may purchase interests in one of the ASB Meridian Real Estate Funds. These Funds are focused on value-creation opportunities.

Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable general partner or trustee, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the advisory agreements with the Funds and/or organizational documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund, advisory agreements and/or side letter agreements negotiated with investors in the applicable Fund.

#### **ITEM 5: FEES & COMPENSATION**

ASBCM's advisory fees are generally based on a percentage of the assets under management as provided and described in detail 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 the ASB Allegiance Real Estate Fund, LP or the ASB Meridian Real Estate Funds, or a client has granted custody of assets to CCTC, the client may choose, subject to the applicable fund's governing documents, to have the investment management fees deducted from their account or be invoiced directly for their fees. 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. Open-End Pooled Investment Funds**

**ASB Allegiance Real Estate Fund, LP**

1.00% (100 basis points) on the first \$15 million

0.90% (90 basis points) on the next \$60 million

0.75% (75 basis points) on the balance (over \$75 million)

**ASB Labor Equity Index Fund**

**IBEW-NECA Equity Index Fund**

0.015% on invested capital.

**Focused Core Fixed Income Fund**

0.20% on invested capital

**IV. Closed-End Funds and Individually Managed Real Estate Portfolios**

All fees for ASBREI closed-end funds or 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 will pay operating fees and other fees charged directly by the comingled investment, thereby reducing the return on that instrument.

Real Estate Expenses

The ASB Allegiance Real Estate Fund, LP, and the ASB Meridian Real Estate Funds (collectively “ASBREI Funds”) and client real estate expenses will be borne by the ASBREI Funds or the client. These expenses include, but are not limited to, development costs, construction costs, costs of tenant improvements, property management fees, broker fees, legal expenses, environmental, social and

governance (“ESG”) assessment and impact assessment, property-related taxes, dead deal expenses etc. From time to time, ASBREI will be required to decide whether certain fees, costs and expenses should be borne by an ASBREI Fund or other client, on the one hand, and/or whether certain fees, costs and expenses should be allocated between or among clients and/or other parties. Certain expenses may be the obligation of one particular client and may be borne by such client or, expenses may be allocated among multiple clients and other entities. In exercising its discretion to allocate investment opportunities and fees and expenses, ASBREI may be faced with a variety of potential conflicts of interest. Such allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process.

ASBREI allocates fees, costs and expenses in accordance with a client’s governing documents. With respect to allocating expenses among clients and other parties, as appropriate, to the extent not addressed in a client’s governing documents, ASBREI will make any such allocation determination in a fair and equitable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation (which such methodologies may include pro rata allocation based on the respective total capital commitments of Funds pro rata allocation based on the respective investment (or anticipated investment) of a client in an investment, relative benefit received by a client, or such other equitable method as determined by ASBREI in its sole discretion). ASBREI will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable to ensure allocations are equitable on an overall basis in its good faith judgment. Notwithstanding the foregoing, the portion of an expense allocated to a client for a particular service will not always reflect the relative benefit derived by such client from that service in any particular instance and a client will bear more or less of a particular expense based on the methodology used, and a client will bear more or less of a particular expense based on the number of parties ASBREI selects to bear the expense in its initial allocation determination. When making expense allocation determinations, ASBREI generally will allocate an expense to one or more clients and/or other parties that are in existence and identified as such at the time the expense allocation determination is made. Accordingly, it can be expected that in certain cases clients and/or other parties that were not in existence or otherwise identified as clients and/or other parties that expenses could be allocated to at the time an expense is allocated will ultimately benefit from a particular expense, without having borne any portion of such expense, and in such cases ASBREI will not re-allocate the expense to each such future parties, and such future part(ies) will benefit at the expense of clients and/or other parties.

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

Performance-based compensation arrangements are 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. With respect to certain Funds a portion of the profits of each such Fund is distributed to its general partner, if any, as “carried interest” (the “Carried Interest”). Carried Interest paid by a Fund is indirectly borne by investors in such Fund. Certain Funds and investors in such Funds may incur lower or no Carried Interest. The payment by some, but not all, clients of Carried Interest or other performance-based fees may create the appearance of an incentive for ASBCM to disproportionately allocate time, services or functions to Funds paying Carried Interest or other performance based fees, or allocate investment opportunities to such Funds. In addition, this type of fee arrangement provides 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 or Carried Interest. Performance fees, when applicable, may be negotiated on a case-by-case basis with institutional clients or included in such Fund’s governing documents.

## **ITEM 7: TYPES OF CLIENTS**

ASBCM provides investment management services to qualified 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 Funds.

With respect to the ASBREI Funds, investment advice is provided directly to the Funds (subject to the direction and control of the general partner of each such Fund, if applicable) and not individually to investors in such Fund. Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act of 1933, as amended and the Investment Company Act of 1940, as amended. Investors in the Funds are generally “accredited investors” and may include, among others, Taft-Hartley plans, pension and retirement programs, endowments and foundations, corporations and other types of accounts. ASBCM does not currently have a minimum asset size for a Fund, but minimum investment commitments may be established for investors in the Funds. The general partner of each Fund may in its sole discretion permit investments below the minimum amounts set forth in the organizational documents of such Fund.

## **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

ASBREI 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 ASBREI's in-house staff or other providers.

ASBREI also contracts research from a variety of local, regional, and national firms and other data providers including, but not limited to Green Street, Moody's Analytics, Cushman & Wakefield, CBRE Group, Marcus & Millichap, CoStar, and others.

## **Investment Strategies**

### ASB Investment Management Division

ASBIM offers equity and fixed income strategies detailed below. These strategies, and some of their material risks, are discussed below. Upon client request, ASBIM can provide alternative strategies, managed differently than those outlined below.

### ***Equity Strategies***

#### *Actively Managed Equity: Large Cap Core Equity Strategy*

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*

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 Strategies***

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

*Focused Core Strategy:* 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 Focused 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**

ASBREI provides investment portfolios for clients to invest in commercial real estate properties on a pooled and individually managed basis. ASBREI invests in real property through the acquisition of both equity and debt interests on behalf of its clients. Such investments 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, including real estate investment trusts and subsidiary real estate investment trusts or (c) collective investment funds that invest in real estate and/or real estate related investments.

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

#### Pooled Investment Vehicles

ASBCM is adviser to the ASB Allegiance Real Estate Fund, LP, a core real estate Fund. ASBCM also provides advisory services to its value-creation series of Funds, the ASB Meridian Real Estate Funds. In addition, ASBCM is adviser to one separate account focused on ground-up development.

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

#### Individually Managed

ASBCM also provides advice to one separate account that invests in development assets and holds such assets after stabilization.

### **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, can fluctuate significantly. A client or Fund investor can 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 or investment in a Fund 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 or Fund investor 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 are 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.

Passive Investment Risk: Because ASBIM does not select individual companies in the underlying indices for passively managed equity, those accounts may hold securities of companies that present risks that an investment adviser researching individual securities might seek to avoid.

Changes in Laws: Because increases in state or local sales, income, service or transfer taxes are generally not passed through to tenants under leases, such increases may adversely affect a client's cash flow and its ability to make distributions to the investors. Real property is also subject to various federal, state and local regulatory requirements and to state and local fire and life-safety requirements. Failure

to comply with these requirements could result in the impositions of fines by governmental authorities or awards of damages to private litigants.

*New Regulations:* The regulatory environment in which a client and ASBCM will operate is subject to heightened regulation. With respect to alternative asset management funds, in recent years the U.S. government, and various state and local governments, have adopted and proposed to adopt new rules or regulations to be applicable to hedge funds, private equity funds or other alternative investment products and their managers, in addition to real estate owners and guarantors and users of personal data. It is difficult to determine the scope and extent of the impact of any new laws, regulations (such as regulations pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act) or initiatives that may be proposed, or whether any of the proposals will become law. Compliance with any new laws or regulations could make compliance more difficult and expensive and affect the manner in which a client, ASBCM or the Funds operate. There may also be an increase in regulatory investigations of the investment activities of alternative asset management funds and their managers, including a client, or ASBCM. Such investigations may impose additional expenses on a client, may require the attention of senior management and may result in fines or enforcement actions if a client is deemed to have violated any regulations.

*Global Economy and Regulatory Environment:* The range and potential implications of possible political, regulatory, economic and market outcomes are difficult to predict. The effect of any such political, regulatory, economic or market outcomes on a client could be adverse.

The outcome of the U.S. Presidential election, for example, has increased uncertainty regarding future political, legislative or administrative changes that may impact ASBCM and its affiliates, a client, a client's subsidiaries, investors and a client's portfolio. Significant uncertainty remains in the market regarding the consequences of the election, and the range and potential implications of possible political, regulatory, economic and market outcomes are difficult to predict. Uncertainty regarding the consequences of the election may have an adverse effect or may cause volatility in the U.S. or global economies and currency and financial markets in the short or long term, as well as the values of a client's investments and a client's ability to execute its investment strategy. Such changes could impact the laws and regulations applicable to ASBCM and its affiliates, a client, a client's subsidiaries, investors or a client's portfolio. While certain of such changes could beneficially impact a client, a client's subsidiaries or certain of a client's investments, other changes may more beneficially impact competitors of a client, or could adversely impact a client, a client's subsidiaries, investors or a client's portfolio.

*Environmental, Social and Governance Matters:* Environmental, social (including with respect to responsible contractor policies) and governance ("ESG") is only one of the many factors ASBCM will consider in making an investment or as part of ongoing engagement. Other factors may be given greater weight, particular ESG factors may be disregarded and ASBCM may not consider all of the ESG factors that an investor believes are important. To the extent ESG factors are considered, they will be considered based solely on their financial materiality. ASBCM invests solely for financial return and does not seek to generate positive ESG impact as an investment goal. Its investments may not result in positive ESG impact and could adversely impact one or more ESG attributes. In addition, the ASBCM's ESG integration may not align with the policies of or regulatory requirements applicable to a particular investor. To the extent that ASBCM engages on ESG-related matters, such engagements may not achieve the desired financial and other results. In addition, the market or other stakeholders may not consider the results to be successful or desirable. Successful ESG integration on the part of ASBCM will depend on ASBCM's skill in properly identifying and analyzing material ESG factors and their relevance and there can be no assurance that ASBCM will be successful in doing so. ESG integration

is subjective by nature, and the criteria utilized by ASBCM or the judgement exercised may not reflect the desired approach of any particular investor. Consideration of ESG factors may result in the selection or exclusion of certain investments, sectors, regions, countries or types of investments and/or the pursuit of particular ESG engagement strategies and initiatives. Such consideration carries the risk that ASBCM may underperform managers that do not take such ESG-related factors into account in the same manner. In addition, consideration and management of ESG factors may require ASBCM to rely on third-party information and data, which may be incomplete, inaccurate or unavailable. Limitations in such information and data may result in erroneous assessments by ASBCM.

ESG integration practices are evolving including without limitation due to regulation, new and changing issues and areas of stakeholder focus, shifting investor sentiment (including so-called anti-ESG sentiment) and requirements and evolving investee company practices. Accordingly, the ASBCM's ESG integration practices will continue to evolve and change, and they may do so in a manner that is adverse to financial return or a particular investor's goals.

*Climate Change:* The clients may acquire investments that are located in, or have operations in, areas that are subject to climate change. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the clients' business and operations. Physical impacts of climate change may include increased storm intensity and severity of weather (e.g., floods or hurricanes), sea level rise, fires, and extreme and changing temperatures. As a result of these impacts from climate-related events, the clients may be vulnerable to the following: risks of property damage to the clients' investments; indirect financial and operational impacts from disruptions to the operations of the clients' investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage for investments in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for both investments and the products and services of the clients' investments; increased insurance claims and liabilities; increase in energy costs impacting operational returns; changes in the availability or quality of water, food or other natural resources on which the clients' business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

*Possibility of Fraud and Other Misconduct of Employees and Service Providers:* Misconduct by employees of ASBCM, service providers to ASBCM or the clients and/or their respective affiliates could cause significant losses to such clients. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such clients, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such clients and noncompliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to such clients. ASBCM has controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that ASBCM will be able to identify or prevent such misconduct.

*Data Protection:* New data protection laws, like the General Data Protection Regulation (“GDPR”) and the California Consumer Privacy Act in the US (the “CCPA”) and other state or federal laws, are from time to time enacted to increase the protection of individuals’ rights and freedoms in relation to their privacy and with respect to the processing of their personal data. Such data protection laws often require more stringent operational requirements and onerous accountability obligations for controllers and processors of personal data, including, for example, in the case of GDPR, requiring formal records of processing, expanded disclosures, among other things, about how, why and by whom personal data is to be used, limitations on retention of personal data, implementation of appropriate technical and organizational security measures to protect personal data, mandatory data breach notification requirements, and higher standards for data controllers to demonstrate that they have obtained valid consent or have another relevant legal basis in place to justify their data processing activities. These laws also include data subject rights, such as the rights to access personal data about them and the right to have such data deleted. These rights are not absolute; however, they may require that ASBCM has in place the necessary mechanisms to allow individuals to exercise them.

While ASBCM intends to comply with applicable privacy and data protection laws, it may not be able to accurately anticipate the ways in which regulators and the courts will apply or interpret the law. The failure by ASBCM or the clients to comply with applicable privacy and data protection laws could result in negative publicity and may subject them to significant costs associated with litigation, settlements, regulatory action, judgments, liabilities, or (actual or contingent) fines and penalties. An assessment by a competent regulatory authority of failure to comply with the requirements of the applicable privacy law could result in serious financial and reputational damage to ASBCM or the clients.

These new laws also could cause ASBCM’s, the clients’ costs to increase and result in further administrative costs as part of their compliance efforts, which is likely to reduce capital that can be deployed for making investments. If the current trend in the development of such laws continues in other relevant jurisdictions, such costs may be exacerbated further as new or different compliance obligations arise. Similarly, if privacy or data protection laws are implemented, interpreted or applied in a manner inconsistent with ASBCM’s or the clients’ expectations, that may result in business practices changing in a manner that adversely impacts ASBCM or the clients. Moreover, if ASBCM or the clients suffer a security breach impacting personal data, there may be obligations to notify government authorities or data subjects, which may divert ASBCM’s or the clients’ time and effort and entail substantial expense.

*Cybersecurity Risk:* ASBCM, its affiliates, a client’s service providers and other market participants depend on complex and often interconnected information technology and communications systems to conduct business functions. These systems are subject to a number of different threats and other risks that could adversely affect a client, a client’s subsidiaries, the investors and a client’s portfolio, despite the efforts of ASBCM, its affiliates and a client’s service providers to adopt technologies, processes and procedures intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the security, confidentiality, integrity and availability of information belonging to a client, a client’s subsidiaries and the investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of ASBCM, its affiliates, a client’s service providers, counterparties or data stored by these systems including investor information. ASBCM and the clients’ service providers may be subject to ransomware or other attacks that could cause a substantial business disruption or loss of availability of data that could prevent the clients and ASBCM from executing its investment strategy or accessing an account, which could lead to financial losses. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of ASBCM’s or its affiliates’ systems to disclose sensitive information in order to gain access to

ASBCM's or its affiliates' data or that of the investors or to transfer funds to unauthorized third parties. A successful penetration or circumvention of the security of ASBCM's or its affiliates' systems by unauthorized third parties could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause a client, a client's subsidiaries, ASBCM, its affiliates or their service providers to incur regulatory penalties, reputational damage, additional compliance costs, increased insurance premiums or financial loss. In addition, ASBCM or its affiliates may incur substantial costs related to investigation and remediation of the cybersecurity incident, increasing and upgrading cybersecurity protections including its administrative, technical, organizational and physical controls, acts of identity theft, unauthorized use or loss of proprietary information, adverse investor reaction, increased insurance premiums or difficulties obtaining insurance coverage, or litigation, regulatory actions or other legal risks.

Similar types of operational and technology risks are also present for the clients' investments, which could have material adverse consequences for such investment, and may cause the clients' investments to lose value.

*Current Market Conditions Risk.* U.S. and international markets have experienced in recent years, and may continue to experience significant periods of volatility due to a number of economic, political and global macro factors including rising inflation, uncertainty regarding central banks' interest rate increases, the possibility of a national or global recession, trade tensions, political events, the war between Russia and Ukraine, significant conflict between Israel and Hamas in the Middle East, Houthi attacks on commercial shipping in the Red Sea, and the impact of COVID-19. The impact of COVID-19 may last for an extended period of time. As a result of continuing political tensions and armed conflicts, including the war between Ukraine and Russia, the U.S. and the European Union imposed sanctions on certain Russian individuals and companies, including certain financial institutions, and have limited certain exports and imports to and from Russia. The war has contributed to recent market volatility and may continue to do so. The Middle East conflict has led to significant loss of life, damaged infrastructure and escalated tensions both in the region and globally. These developments, as well as other events, could result in further market volatility and negatively affect financial asset prices, the liquidity of certain securities and the normal operations of securities exchanges and other markets, despite government efforts to address market disruptions. As a result, the risk environment remains elevated.

*Financial Institution Risk; Distress Events:* An investment with ASBCM or its Funds is subject to the risk that one of ASBCM's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the ASBCM's assets (each, a "Financial Institution") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, ASBCM or its Funds may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("FDIC"), in the case of banks, or the Securities Investor Protection Corporation ("SIPC"), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental

intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of ASBCM to manage its Funds and investments, and on the ability of ASBCM and its Funds to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to include the Funds to pay fees and expenses in the event the Funds are not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of investors to make capital contributions or otherwise), as well the inability of the Funds to acquire or dispose of investments at prices that ASBCM believes reflect the fair value of such investments. Although ASBCM expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

Many Financial Institutions require, as a condition to using their services or otherwise, that ASBCM and/or the Funds maintain all or a set amount or percentage of their respective accounts or assets with custodians, which heightens the risks associated with a Distress Event with respect to such custodians. Although ASBCM seeks to do business with custodians that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, ASBCM is under no obligation to use a minimum number of custodians with respect to the Funds, or to maintain account balances at or below the relevant insured amounts.

#### 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 can 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 is subject to a substantial or complete loss on an individual investment.

Investing in Equity: Stocks generally fluctuate in value more than bonds and their values can decline significantly over shorter periods of time. The value of a client's portfolio that invests in equity can 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 can cause an issuer to redeem, "call" or refinance a security before its stated maturity, which can result in the portfolio having to reinvest the proceeds in lower yielding securities. Longer maturity debt securities are 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 can 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 can cause the client's portfolio to underperform other client portfolios with similar investment objectives.

### Significant Real Estate Risks

Investment in Real Estate Generally: Real estate investments are subject to various risks, many of which are beyond the control of a client, such as adverse changes in national or local economic and demographic conditions; local conditions (such as an oversupply of space or a reduction in demand for space); the quality and philosophy of management; competition based on rental rates; adverse changes in financial conditions of tenants, buyers and sellers of properties; quality of maintenance, insurance and management services; reduction or change in sources of debt or equity financing, including changes in interest rates; increases in real estate taxes and operating expenses, including energy prices; changes in law, regulations and governmental policies, including environmental laws, health and safety laws, zoning laws and governmental fiscal policies; potential liability under changing environmental and other laws; changes in the relative marketability of properties; cyclical over-building in property sectors; risks due to dependence on cash flow; risks and operating problems arising out of the presence of certain construction materials; structural or property latent defects; natural and unnatural disasters; acts of terrorism; uninsurable losses; condemnations; and others. As a result, a client may be subject to claims and expenses in respect of an asset in excess of a client's investment in such asset that could significantly impact the cost of operations, cash flow and results of operations, thereby leading to losses. No assurance exists that a client can achieve its return objectives. Investments in existing entities (e.g., buying out a distressed partner or acquiring an interest in an entity that owns a real property) could also create risks of successor liability.

Fund against Financial Loss: Moreover, to the extent ASBCM is not able to purchase properties because of a seller's failure to cause completion thereof, a client may have lost the opportunity to make alternative investments in properties, and there may be a corresponding delay in the investment of a client's funds.

Competition; Difficulty of Locating Suitable Investments: Although ASBCM's professionals have been successful in identifying suitable investments in the past, ASBCM may be unable to find a sufficient number of attractive opportunities to meet a client's investment objectives. The activity of identifying, completing and realizing attractive investments is highly competitive and involves a high degree of uncertainty. A client will be competing for investments with other real estate investment vehicles, as well as individuals, publicly traded REITs, financial institutions (such as mortgage banks, insurance companies and pension funds) and other institutional investors. Additional funds and REITs with similar investment objectives to a client may be formed in the future by other unrelated parties. The success of a client will depend on the ability of ASBCM's professionals to identify suitable investments, to negotiate and arrange the closing of appropriate transactions and to arrange the timely disposition of a sufficient number of suitable investments. There can be no guarantee that a client will be able to locate, complete and exit investments that satisfy a client's rate of return objectives, or realize upon their values, or that a client will be able to fully invest all funds committed for investment by its investors.

Risks of Leverage: Subject to the limitations set forth in a client's governing documents, indebtedness may be incurred in connection with the operations of a client and its subsidiaries. The use of leverage will increase the exposure of the Investments to adverse economic factors, such as rising interest rates, economic downturns, London Interbank Offered Rate ("LIBOR") replacement to other indexes, or

deteriorations in the condition of the Investments or their respective markets. In the event an Investment is unable to generate sufficient cash flow to meet debt service payments or there are other defaults under any loan documents underlying its indebtedness, the lender will be entitled to exercise the remedies specified under the loan documents, as well as its remedies under law. These remedies may include acceleration of the indebtedness and foreclosure on any collateral securing the loan. A lender seeking to enforce its claims may have recourse to a client's portfolio generally and not be limited to any particular Investment, such as the asset giving rise to or securing the liability. Debt also may not be available to a client or its subsidiaries on the terms and conditions and at the rates or in amounts that are consistent with a client's investment strategy.

*Benchmark Rate Risk.* Prior to June 30, 2023, certain bonds and loans held by the Funds may have had floating interest rates based on the London Inter Bank Offered Rate ("LIBOR"). LIBOR is an estimate of the interest rates to borrow U.S. dollars, sterling, euros and certain other currencies in the London unsecured interbank market, and was widely used as a reference for setting the interest rate on loans, bonds and derivatives globally. Consistent with prior announcements by the United Kingdom's Financial Conduct Authority ("FCA"), the representative settings for all Swiss franc, euro, British pound sterling, Japanese yen, and U.S. dollar LIBORs are no longer available as of June 30, 2023, while synthetic 3-month British pound sterling LIBOR and 1-, 3- and 6-month U.S. dollar LIBOR settings are expected to cease at the end of March 2024 and September 2024, respectively.

On March 15, 2022, the United States enacted the Adjustable Interest Rate (LIBOR) Act of 2021 ("LIBOR Act"). The federal LIBOR Act preempts similar state legislation (including that enacted in New York) and provides one national approach for replacing U.S. dollar LIBOR as a reference interest rate in certain contracts, including those with no fallback provisions or with fallback provisions that identify neither a specific replacement rate nor a "determining person" as defined in the legislation, once U.S. dollar LIBOR is no longer published or is no longer representative. The U.S. Federal Reserve (the "Federal Reserve") has adopted the final rule that implements the LIBOR Act, which established certain Secured Overnight Financing Rate ("SOFR")-based benchmark replacements for contracts governed by U.S. law that reference overnight and one-, three-, six- and 12-month tenors of U.S. dollar LIBOR that do not have suitable fallback provisions after June 30, 2023.

As a result of the transition away from LIBOR as a benchmark reference for interest rates, certain bonds and loan held by the Funds may have floating interest rates based on SOFR or, if otherwise provided in the underlying contracts, other alternative benchmark rates.

*SOFR Risk.* SOFR is a relatively new index rate calculated based on short-term repurchase agreements backed by U.S. Treasury Instruments. While LIBOR is an unsecured rate, SOFR is a secured rate. SOFR, unlike LIBOR, reflects actual market transactions. Accordingly, SOFR is not the economic equivalent of LIBOR. Consequently, there can be no assurance that SOFR will perform in the same way as LIBOR would have at any time, including, without limitation, as a result of changes in interest and yield rates in the market, monetary policy, bank credit risk, market volatility or global or regional economic, financial, political, regulatory, judicial or other events.

Additionally, because SOFR is published by the Federal Reserve Bank of New York (the "New York Fed") based on data received from other sources, we have no control over its determination, calculation, or publication. There can be no assurance that SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of the Funds. If the manner in which SOFR is calculated is changed, that change may result in a reduction of the amount of interest payable on SOFR-linked floating rate instruments and the trading prices of such instruments.

Additionally, daily changes in SOFR have, on occasion, been more volatile than daily changes in other benchmark or market rates. Although occasional, increased daily volatility in SOFR would not necessarily lead to more volatile interest payments, the return on and value of SOFR-linked floating rate instruments may fluctuate more than floating rate instruments that are linked to less volatile rates. All of the foregoing risks may affect the performance of the applicable bonds and loans in which the Funds invest, which in turn may adversely affect the performance of the Funds.

Alternative Benchmark Rate Risk. As stated above, some of the bonds and loans held by the Funds may have floating interest rates based on alternative benchmark rates other than SOFR. Such alternative benchmark rates, like SOFR, may not have been widely used by market participants until relatively recently, and they may not perform exactly the same as LIBOR because they are calculated and administered differently. Generally, the use of alternative benchmark rates (including SOFR) may (i) cause the value of the interest rate on such bonds and loans to be uncertain or to be lower or more volatile than it would otherwise be, (ii) result in uncertainty as to the functioning, liquidity or value of such bonds and loans, and/or (iii) involve actions of regulators or rate administrators that may adversely affect certain markets or contracts underlying such bonds and loans. All of the foregoing could adversely affect the return on and value of the related floating rate instruments in which the Funds invest.

Investments in Land; Development and Redevelopment: A client may acquire direct or indirect interests in undeveloped land or underdeveloped real property (which may often be non-income-producing), real estate developments or redevelopments and/or businesses that engage in real estate development or redevelopment. To the extent that a client invests in such assets or activities, it will be subject to the risks normally associated with such assets and development activities. Such risks include risks relating to the availability and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction (including risks beyond the control of a client, such as weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on a client. Properties under development or properties acquired for development may receive little or no cash flow from the date of acquisition through the date of completion of development and may continue to experience operating deficits after the date of completion. In addition, market conditions may change during the course of development that make such development less attractive than at the time it was commenced.

Debt Investment Risks: A client may invest capital in debt investments, including construction, participation and other real estate-related loans (collectively, “Debt Investments”). The value of a client’s Debt Investments and a client’s ability to realize full repayment on a Debt Investment may be adversely affected by all of the factors that affect an Investment. Risks of Debt Investments include: (i) dependency for repayment on successful operation of the underlying property and tenant businesses operating therein; (ii) the fact that such loans are often non-recourse to the borrower; and (iii) amortization schedules that are often longer than the stated maturity and provide for balloon payments at stated maturity rather than periodic principal payments.

Debt Investments are also subject to risks of borrower defaults, bankruptcies, fraud and special hazard losses that are not covered by standard hazard insurance. In the event of any default under mortgage loans held by a client or any entity in which a client has an interest, a client will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal amount of the mortgage loan and may not receive interest payments on such mortgage loan. Foreclosures of

mortgage loans, bankruptcies affecting mortgage loan borrowers and other collateral realization processes are expensive and lengthy processes that could have a substantial negative effect on a client's anticipated return on the affected mortgage loans.

In addition, the market value of a client's Debt Investments may be affected by changes in interest rates. In general, the market value of a debt investment will change in inverse relation to an interest rate change where a debt investment has a fixed interest rate or only limited interest rate adjustments. Accordingly, in a period of declining interest rates, Debt Investments without adequate call protection may benefit less than other fixed income securities due to accelerated prepayments. Interest rate changes may also affect a client's return on new investments. If there is a period of declining rates, the amounts becoming available to a client for investment due to repayment of its Debt Investments may be re-invested at lower rates than a client had been able to obtain in prior investments. Increases in the interest rates on debt incurred by a client in originating or acquiring investments may not be reflected in increased rates of return on the related investments, adversely affecting a client's return on those investments. Accordingly, interest rate changes may adversely affect the total return on investments of a client.

*Interests in Real Estate Securities:* A client may hold non-controlling interests with limited voting rights in certain publicly traded U.S. real estate equity securities, or bonds issued by such publicly traded entities, including real estate investment trusts and other companies principally engaged in the real estate industry (collectively, "Real Estate Securities"). A client may have a limited ability to protect its position in such investments. Investors will have no direct interest in Real Estate Securities and will have no standing or recourse against the underlying companies, their management or their affiliates. A client's rights with respect to its investments in Real Estate Securities will be exercised by ASBCM, without seeking instruction from any investor.

*Insurance May Not Cover All Losses:* A client or its subsidiary that holds title to an investment will attempt to maintain insurance coverage in respect of such investment on a per-occurrence and annual aggregate basis to the extent such coverage is available at commercially reasonable rates, as determined by ASBCM. A client will attempt to maintain insurance coverage against liability to third parties for general liability, injury, property damage and other events of various causes and conditions, in amounts determined by ASBCM. However, the insurance industry is currently in an unpredictable state, and, as a result, the actual premiums and deductibles payable by a client may be substantially different than the applicable general partner's projections of premiums and deductibles. Insurance against certain risks, such as earthquakes, floods, windstorms, biological agents (e.g., mold), termites, water, or damage by terrorism, may be commercially unavailable, available in amounts that are less than the full market value or replacement cost of an Investment, subject to a large deductible or not economically insurable. In addition, there can be no assurance that the particular risks that are currently insurable will continue to be insurable on an economic basis. There is no guarantee that any insurer will pay the full amount of any claim, that the insurer will not dispute or refuse to pay on any claim of loss or that the insurer will be solvent or financially able to pay any claim, especially in the case of a catastrophic loss in one geographical area. Additionally, all of the properties owned by a client may be at risk in the event of an uninsured liability to third parties. Should an uninsured loss or a loss in excess of insured limits occur, a client could lose all or a portion of the capital it has invested in an investment, as well as the anticipated future revenue from the investment. In that event, a client might nevertheless remain obligated for any notes payable or other financial obligations related to the investment, in addition to obligations to a client's ground lessors, franchisors and managers. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents encumbering the portfolio properties pledged as collateral for loans, and other factors might also keep a client from

using insurance proceeds to replace or renovate an investment after it has been damaged or destroyed. Under those circumstances, the insurance proceeds a client receives might be inadequate to restore a client's economic position on the damaged or destroyed Investment.

*Environmental Matters:* Under various federal, state and local laws, ordinances and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances or petroleum products on, under or in such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. In addition, the presence of, or the failure to properly remediate, such substances may adversely affect the owner's ability to borrow using such real property as collateral or to sell such property. In connection with the ownership (direct or indirect), management and development of an Investment, a client or one of the entities that hold title to Fund assets could be considered an owner or operator of the Investment and may be liable for removal or remediation costs, as well as certain other potential costs relating to such hazardous or toxic substances or petroleum products. Although each Investment may be subject to environmental assessments before acquisition, no assurances can be given that the environmental assessments reveal all environmental liabilities, or that a client has established adequate reserves for such liabilities, or that no prior owners created any environmental condition not disclosed in the environmental assessment for such Investment.

*Harmful Mold and Other Air Quality Issues:* When excessive moisture accumulates in buildings or on building materials, mold may grow, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to radon, airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of a client's properties could require a client to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose a client to liability from its tenants, employees of its tenants and others if property damage or health concerns arise.

*Real Estate-Related Regulatory Risks:* Each Investment is subject to various laws and regulations, including building codes, laws and regulations pertaining to fire safety and handicapped access (including the Americans with Disabilities Act of 1990), and other laws and regulations that may from time to time be enacted. A client may be required to incur significant costs to comply with any future changes in such laws or regulations. However, noncompliance with the existing or future laws and regulations to which each Investment is subject could result in substantial capital expenditures to bring the relevant Investment into compliance, as well as the imposition of fines or an award of damages to private litigants, which might adversely affect a client.

*Market Conditions:* A client's strategy in some investments may be based, in part, upon the premise that real estate businesses and assets will be available for purchase by a client at prices that ASBCM considers favorable. Further, a client's strategy for an Investment may rely, in part, upon the continuation of existing market conditions (including, for example, supply and demand characteristics), or, in some circumstances, a local market recovery or improvement in market conditions over the projected holding period for the investments. No assurance can be given that real estate businesses and assets can be acquired or disposed of at favorable prices or that the market for

such assets will either remain stable, or, as applicable, recover or improve, since this will depend, in part, upon events and factors outside the control of ASBCM.

*Dependence on Tenants:* It is anticipated that a client will depend on tenants for the majority of its revenue. Any defaults on lease payment obligations by a tenant will cause a client to lose the revenue associated with the relevant lease. If such defaults become significant, a client will be forced to use other funds to make payments on the mortgage indebtedness secured by the impacted property to avoid foreclosure. If a tenant defaults, a client may experience delays in enforcing its rights as a landlord and may incur substantial costs in protecting its investments. In addition, if a tenant at a single-user facility, which has been designed or built primarily for a particular tenant or a specific type of use, fails to renew its lease or defaults on its lease obligations, a client may not be able to readily market a single-user facility to a new tenant, if at all, without making substantial capital improvements or incurring other significant re-leasing costs. Further, a client may enter into leases containing co-tenancy provisions. Co-tenancy provisions may allow a tenant to exercise certain rights if, among other things, another tenant fails to open for business, delays its opening or ceases to operate, or if a percentage of the property's gross leasable space or a particular portion of the property is not leased or subsequently becomes vacant. A tenant exercising co-tenancy rights may be able to abate minimum rent, reduce its share or the amount of its payments of common area operating expenses and property taxes or cancel its lease.

*Tenant Bankruptcy Risks:* ASBCM cannot provide assurance that any tenant that files for bankruptcy protection will continue to pay rent to a client. A bankruptcy filing by, or relating to, one of a client's tenants or a lease guarantor would bar efforts by a client to collect pre-bankruptcy debts from that tenant or lease guarantor, or its property, unless a client receives an order permitting a client to do so from the bankruptcy court. In addition, a client cannot evict a tenant solely because of bankruptcy. The bankruptcy of a tenant or lease guarantor could delay efforts to collect past due balances under the relevant leases and could ultimately preclude collection of these sums. If a lease is assumed by the tenant in bankruptcy, all pre-bankruptcy balances due under the lease must be paid to a client in full. If, however, a lease is rejected by a tenant in bankruptcy, a client would have only a general, unsecured claim for damages. An unsecured claim would only be paid to the extent that funds are available and only in the same percentage as is paid to all other holders of general, unsecured claims. Restrictions under the bankruptcy laws further limit the amount of any other claims that a client can make if a lease is rejected. As a result, it is likely that a client would recover substantially less than the full value of the remaining rent during the term.

*Dependence on Property Managers:* Although a client will monitor the performance of its Investments, it will be the responsibility of unaffiliated property managers to manage the Investments on a day-to-day basis. A client's results of operations, including its ability to make payments on any indebtedness, will depend to some degree on the ability of the property managers to operate Investments on economically favorable terms. There can be no assurance that the management teams of property management firms employed by a client will be able to operate each of the Investments successfully. Moreover, the risks of dependence on property management firms are different by property type and by investment stage.

Any property manager retained by a client or its subsidiaries may provide management services to properties owned by others that compete with one or more of the Investments of a client. As a result, such property manager may at times face conflicts of interest in the management of Investments and non-Fund properties managed by such property managers.

Any property manager retained by a client or its subsidiaries receives a base property management fee based upon gross revenues. Such fee arrangements may create an incentive for the Investments to be managed in a manner that is not consistent with a client's objectives.

*Multi-family Properties:* The value and operation of multi-family properties may be affected by a number of factors, including, among others, the location of the property; the services and amenities provided by the property and its age, condition, appearance, construction quality and other physical attributes; management's ability to provide adequate maintenance and insurance; access to transportation; the level of mortgage interest rates, which may make the purchase of housing a more attractive alternative than leasing; the degree to which the tenant mix is dependent upon a particular segment or segments of the population (e.g., military personnel); the property's reliance upon governmental or rent subsidy programs; and state and local regulations, which may affect the ability to increase rents.

Various laws and regulation regulate the relationship of a landlord and its tenants. These laws and regulations, to a greater or lesser extent, provide certain protections or rights for tenants or limit the landlord's ability to take action against a tenant in certain circumstances, including consumer protection statutes that prohibit certain landlord practices.

*Office Properties:* A number of factors may affect the value of office properties, including, among other things, diversification of the tenant base (i.e., reliance on one or only a few tenants versus a greater number of tenants or tenants in similar types of businesses versus a greater diversity of businesses); and the location, appearance, amenities and other physical attributes of the properties; and competition from other office properties. Office properties generally require their owners to expend significant amounts for general capital improvements, tenant improvements and costs of reletting space. In addition, office properties that are not equipped to accommodate the needs of modern businesses may become functionally obsolete and thus noncompetitive or may require substantial capital investment to upgrade facilities in order to be competitive. Office properties may also be adversely affected if there is an economic decline in the businesses operated by their tenants. The risks of such an adverse effect are increased if the property revenue is dependent on a single tenant or if there is a significant concentration of tenants in a particular business or industry.

*Industrial Properties:* Although owners of industrial properties are not generally required to expend substantial amounts for general capital improvements, tenant improvements or reletting costs, various other factors may affect the returns from this type of property in addition to the risks generally applicable to real estate, including, among other things, the design and adaptability of the property and the degree to which it is generally functional for industrial purposes, the proximity to highways and other means for the transportation of goods, the number and diversity of tenants among businesses or industries and the cost of converting a previously adapted space to general use. An industrial property may be more likely to have one or only a few tenants, which increases the risk that a decline in their operations or their particular business or industry segments may adversely affect the returns from the property.

Industrial properties typically have short-term leases, which may increase the risk of vacancies. Additionally, a property designed for a particular use or function may be difficult to relet to another tenant or may become functionally obsolete compared other properties. Particular uses of industrial properties may increase their risk of environmental problems.

In addition, because of unique construction requirements of many industrial properties, many vacant industrial property spaces may not be easily converted to other uses. Thus, if the operations of any

industrial property become unprofitable, the liquidation value of that industrial property may be substantially less than would be the case if the industrial property were readily adaptable to other uses.

*Retail Properties:* The revenues and values of retail properties are subject to a number of factors, such as the overall health of the economy, shifts in consumer demand and spending habits, competition from other forms of retail selling (e.g., discount centers, outlet malls and internet sales), trends in the retail industry and the safety, convenience and attractiveness of the properties. A number of retail leases, in addition to or in lieu of base rent, may include a provision for percentage rent that is dependent upon the amount of a tenant's sales. Rental income attributable to leases with percentage rent provisions may decrease in a general economic downturn that adversely affects tenant sales. Additionally, traditional retail centers often have anchor tenants (i.e., typically a tenant occupying a significant amount of the space). If an anchor tenant suffers a substantial downturn in its business, becomes insolvent or does not renew its lease, the center could experience a material reduction in the income and value of the center. Certain tenants at a retail center may have provisions in their leases permitting them to terminate their leases in the event an anchor tenant no longer occupies its space there. Other tenants at the retail center may refuse to renew their leases when the time comes. These events, individually or collectively, may result in large vacancies at the center for an extended period of time and thus have a substantial adverse effect on the revenues from the center and, consequently, its value. There may also be significant costs incurred to relet the vacant space of a former anchor tenant and any other tenants that terminate or refuse to renew their leases due to the anchor tenant's vacancy.

*Inflation Risks:* Increases in the rate of inflation may adversely affect a client's net operating income from leases with stated rent increases or limits on the tenant's obligation to pay its share of operating expenses, which could be lower than the increase in inflation at any given time. Inflation could also have an adverse effect on consumer spending, which may impact a client's tenants' sales and, with respect to those leases including percentage rent clauses, a client's average rents.

*Illiquid Investments:* The investments made by certain clients are expected to be illiquid. Given the nature of the investments contemplated by a client, there is a significant risk that a client will be unable to realize its investment objectives by sale or other disposition at attractive prices or will otherwise be unable to complete any exit strategy within any given period of time. In particular, these risks could arise from changes in the financial condition or prospects of the person or entity in which the investment is made, changes in national or international economic conditions and changes in laws, regulations or fiscal policies of jurisdictions in which investments are made. Dispositions of investments may be subject to contractual and other limitations on transfer (including prepayment penalties with respect to property-level debt) or other restrictions that would interfere with the subsequent disposition of such investments or adversely affect the terms that could be obtained upon any disposition thereof. In addition, it is unlikely that there will be a public market for the investments held by a client. Additionally, in some cases a client may be prohibited by contract from selling investments for a period of time.

Furthermore, a client may acquire freestanding single-tenant net-leased properties. These types of properties are relatively illiquid compared to other types of real estate and financial assets. This illiquidity will limit a client's ability to quickly change its portfolio in response to changes in economic or other conditions. With these properties, if the current lease is terminated or not renewed, a client may be required to renovate the property or to make rent concessions in order to lease the property to another tenant or sell the property. Moreover, as the current lease for any such property nears expiration, it may be difficult to sell such property on terms and conditions that ASBCM considers



favorable, if at all. In addition, in the event a client is forced to sell such property, a client may have difficulty selling it to a party other than the tenant or borrower due to the special purpose for which the property may have been designed.

*Recharacterization of Sale-Leaseback Transactions:* A client may from time to time enter into a sale-leaseback transaction where a client purchases a property and then leases the property to the seller. The transaction may, however, be characterized as a financing instead of a sale in the case of the seller's bankruptcy. In this case, a client would not be treated as the owner of the property but rather as a creditor with no interest in the property itself. The seller may have the ability in a bankruptcy proceeding to restructure the financing by imposing new terms and conditions. The transaction also may be recharacterized as a joint venture. In this case, a client would be treated as a joint venturer with liability, under some circumstances, for debts incurred by the seller relating to the property.

*Inability to Pass On Operating Expense Increases to Tenants:* Operating expenses, such as expenses for fuel, utilities, labor, building materials and insurance are not fixed and may increase in the future. There is no guarantee that a client will be able to pass these increases on to its tenants. To the extent these increases cannot be passed on to a client's tenants, any increases would cause a client's cash flow and operating results to decrease.

*Dependence of Public Utilities and Services:* Public utilities, especially those that provide water and electric power, will be fundamental for the sound operation of a client's assets. The delayed delivery or any material reduction or prolonged interruption of these services could allow certain tenants to terminate their leases or result in an increase in a client's costs, as a client may be forced to use backup generators, which also could be insufficient to fully operate its facilities and could result in its inability to provide services. Accordingly, any interruption or limitation in the provision of these essential services may adversely affect a client.

*Increase in Real Estate Taxes:* Local real property tax assessors may seek to reassess some of a client's properties as a result of a client's acquisition of the property. Generally, from time to time a client's property taxes will increase as property values or assessment rates change or for other reasons deemed relevant by the assessors. An increase in the assessed valuation of a property for real estate tax purposes will result in an increase in the related real estate taxes on that property. Although some tenant leases may permit a client to pass through the tax increases to the tenants for payment, there is no assurance that all leases will be negotiated to provide a client with such right. Increases not passed through to tenants will adversely affect a client's income, cash available for distributions, and the amount of distributions. In addition, the profitability of some Funds' investments may be affected by new laws related to real estate or other tax changes.

*Necessity of Obtaining Development Agreements and Other Approvals from Local Government Agencies:* For an investment to be attractive for development, a client may choose to negotiate and execute a development agreement, modify an existing development agreement, or obtain approval of a preliminary plat, all designed to reflect changing or projected market conditions, and obtain other associated required approvals from state, local and, as applicable, federal government agencies. In addition, a client may create a utility district, an improvements district, a municipal facilities district, or a tax increment structure to provide for water, wastewater services and many other improvements. The process of obtaining these approvals (which may require certain environmental impact and underwriting feasibility studies) may take many months, and the costs of holding an investment will accrue while regulatory and governmental approvals are being sought. These approvals may not be received at all, or may not be received in a timely manner, or at sufficient levels or amounts, or may

not be received in a manner that is acceptable to a client or a potential purchaser of the investments. Failure to obtain acceptable approvals or obtain these approvals in a timely manner could have a significant negative effect on the value of an investment and, in turn, on the value of the Interests.

*Development Competition:* The development of undeveloped and/or partially developed properties is a highly competitive business. To the extent that a client invests in undeveloped or partially developed properties, a client may be competing with other properties in close proximity to a client's investments to obtain entitlements and sell the investments. Moreover, the business of a client could be adversely affected by periodic overbuilding of competitive properties in the real estate market where a particular investment is located, which could affect the ability of a client to entitle investments and the ultimate value of the investments. Changing demographic trends and general and local economic conditions could influence growth patterns and render investments less valuable. The profitability and success of commercial development will depend upon a number of factors including the anticipated volume of traffic on related arterial roadways, the population growth in the area in which an investment is located and the surrounding areas, the level of residential development surrounding an investment and the level of commercial development on parcels adjacent to or near an investment. A client's success, therefore, will depend in part upon the ability of ASBCM to select investments that will be competitive in their markets.

*Failure to Complete Projects:* There is a risk that a client may contract to acquire properties from sellers that fail to complete construction or that do not satisfactorily lease-up newly constructed properties prior to closing with a client. If these situations occur, closing on a property may be delayed until the conditions have been satisfied or a client may choose not to proceed with closing on a property. There can be no assurance that steps taken by ASBCM to minimize risks of contracting with a nonperforming seller will in all cases protect a client against financial loss. Moreover, to the extent ASBCM is not able to purchase properties because of a seller's failure to cause completion thereof, a client may have lost the opportunity to make alternative investments in properties, and there may be a corresponding delay in the investment of a client's funds.

*Contingent Liabilities on Disposition of Investments:* In connection with the disposition of an Investment, a client may be required to make representations about such Investment. A client also may be required to indemnify the purchaser of such Investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which ASBCM may establish reserves or escrow accounts. Furthermore, under applicable law, each investor in a client that receives a distribution in violation of such law will, under certain circumstances, be obligated to recontribute such distribution to the client.

## **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 of 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.

In addition, certain subsidiaries of ASBCM serve as general partners of the Funds.

Conflicts of interests between the affiliates are mitigated because CCTC and ASBCM have different product offerings and investment styles. CCTC's equity style is based on thematic investing, which involves capitalizing on powerful secular themes and global trends through consideration of cyclical views and economic factors, among others. This style is different from ASBCM's equity offering, which is managed more specifically to a relevant benchmark. CCTC's fixed income offerings are tailored to high-net-worth individuals with liquidity needs and tax considerations, while ASBCM's fixed income offerings are designed to be managed against fixed income benchmarks, with client-specific considerations in mind.

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

### **Code of Ethics**

ASBCM has adopted a written Code of Ethics that is applicable to all its members, officers and employees, as well as officers and employees of its affiliates and certain independent contractors (collectively, "Adviser Personnel"). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the "Advisers Act"), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Personnel and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for a Fund, subject to the terms of the Code of Ethics. Unless an exception applies, certain employees of ASBCM must pre-clear all equities, debt securities, derivatives, options and futures purchases or sales with the Chief Compliance Officer, or his or her designee, before a transaction is initiated for their personal account(s).

Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with the Chief Compliance Officer as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps ASBCM detect and prevent potential conflicts of interest. Adviser Personnel who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Adviser Personnel are also required to promptly report any violation of the Code of Ethics of which they become aware. Adviser Personnel are required to annually certify compliance with the Code of Ethics.

A copy of the Code of Ethics, including the Personal Securities Transaction Policy, is available upon request by contacting Paul Duncan at 240-482-2990.

### **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.

### **Conflicts of Interest**

Conflicts of interest may arise between ASBCM, its affiliates and a client under certain circumstances, including those potential conflicts of interest which are enumerated below. There can be no assurance that ASBCM will identify or resolve all conflicts in a manner that is favorable to the clients and the clients and investors in the Funds may not be entitled to receive notice or disclosure of the actual occurrence of conflicts or have any right to consent to them as they arise.

Other ASBCM Business Relationships: ASBCM and its affiliates have, and continue to develop, advisory and other relationships with a wide variety of clients and investors. As a result of obligations that arise from those relationships, including obligations of confidentiality, certain potentially suitable investment opportunities or structuring alternatives of which ASBCM or its affiliates become aware may not be offered or disclosed to a client.

Allocation of Investment Opportunities: Because ASBCM may have more than one client pursuing substantially similar investment strategies, potential conflicts of interest exist with respect to various investment opportunities that arise. In order to minimize the potential for conflicts of interest and to ensure that all clients pursuing substantially similar investment strategies are treated in a consistent and equitable manner, ASBCM has established a Pipeline Allocation Committee (the "PAC") for the purpose of ensuring an objective process for equitable allocations of investment opportunities and avoidance of conflicts of interest among a client and other funds and clients sponsored by or advised by ASBCM. For additional detail regarding the PAC allocation process, please see Item 12.

Subject to any investment allocation requirements in a client's governing documents, no active investment client or fund shall be favored over any other client or fund, and all clients and funds will be allocated investments without prejudice in accordance with each client's or fund's approved investment objectives. The PAC will consider the investment guidelines of each account or fund, suitability for the overall portfolio strategy of the account or fund and the previous allocation history of the eligible accounts or funds in determining to which account or fund an investment will be allocated.

If an investment is sourced by staff of a specific client or fund and referred to ASBCM, that investment will be automatically allocated to the Fund that client is invested in, provided that ASBCM's Capital Investments Group had not previously sourced the investment and the PAC had not already allocated it to a different Fund.

ASBCM will, from time to time, consider, and reject an investment opportunity on behalf of one client and may subsequently determine to have another client make an investment in the same opportunity. A conflict of interest arises because one client will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by ASBCM on behalf of the original client considering the investment. In such circumstances, the benefitting client or clients will not be required to reimburse the original client for expenses incurred in connection with researching such investment.

ASBCM may give advice or take actions with respect to, the investments of one or more client that may not be given or taken with respect to other clients with similar investment programs, objectives or strategies. As a result, clients with similar strategies may not hold the same investments or achieve the same performance. In addition, a client may not be able to invest through the same investment vehicles or have access to similar credit or utilize similar investment strategies as another client. These differences may result in variations with respect to price, leverage and associated costs of a particular investment opportunity. In addition, to the extent ASBCM, or Funds its serves as adviser to, engages in follow-on investments, including allocation of opportunities and other determinations with respect to follow-on investments, a conflict of interest may exist.

Officer, Principal, and Employee Interests in Funds Advised by ASBCM: Certain officers, principals, members, and employees of ASBCM and its affiliates from time to time invest in, and alongside, certain real estate funds advised by ASBCM, 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 ASBCM, they may have conflicting interests with respect to these investments.

In addition, clients from time to time invest in assets in which officers, principals, employees and other related persons of ASBCM and its affiliates have previously invested for their own accounts. While the significant interests of the officers and employees of ASBCM generally aligns the interest of such persons with the clients, such persons may have differing interests from the client with respect to such investments. There can be no assurance that the return of a client participating in a transaction would be equal to and not less than another client participating in the same transaction or that it would have been as favorable as it would have been had such conflicts not existed.

Allocation of Personnel: Officers and employees of ASBREI, including members of its Investment Committee, are involved in activities for multiple ASBREI clients. Certain officers and employees of ASBCM are also dual employees of Chevy Chase Trust Company, an affiliate of ASBCM, or other affiliates of ASBCM. Conflicts may arise in the allocation of time, services or functions involving the officers and employees of ASBCM.

Valuation Process: Certain personnel of ASBCM, in their capacity as personnel of ASBCM, will perform activities that assist in the valuation of the assets of clients. Such persons potentially may face a conflict of interest in that the fees paid by certain clients to ASBCM are based upon such valuation.

Transactions with Affiliates and Clients of ASBCM: To the extent permitted by law, clients from time to time engage in transactions with other clients of ASBCM in circumstances where ASBCM or its affiliate is acting on behalf of such client by purchasing investments from or through such client, co-investing with such client in certain investments or investing in entities in which such client holds an interest or selling an investment to such client. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a client may not receive the best price otherwise possible, or ASBCM might have an incentive to improve the performance of one client by selling underperforming assets to another client in order, for example, to earn fees.

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a

client (what is commonly referred to as a “principal transaction”), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client’s consent to the transaction. In connection with ASBCM’s management of the clients, ASBCM may engage in principal transactions. ASBCM has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable client(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received.

Clients from time to time invest in conjunction with an investment being made by other clients, or in a transaction where another client has already made an investment. Conflicts may arise in connection with such investments. Investments by more than one client of ASBCM in an investment may also raise the risk of using assets of a client to support positions taken by other clients of ASBCM. There can be no assurance that the return of a client participating in a transaction would be equal to and not less than another client participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

A client may invest in opportunities that other clients have declined, and likewise, a client may decline to invest in opportunities in which other clients have invested. ASBCM, its officers, affiliates or personnel, may from time to time, consider investing, or invest in, opportunities that ASBCM clients, or the Funds, have declined. In addition, ASBCM receives and generates various kinds of portfolio investment data and other information, including related to or created in connection with financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors, ESG and other metrics, financial information, commercial and transactional information, user data, cost data and related data or information, some of which is sometimes referred to as “big data.” This information may, in certain instances, include confidential and/or sensitive information received or generated in connection with efforts on behalf of one client’s investment (or prospective investment) in a portfolio investment. As a result, ASBCM is better able to anticipate macroeconomic and other trends and financial opportunities, enhance and improve operations of portfolio investment and otherwise develop investment strategies or identify specific investment or business opportunities. ASBCM also intends to utilize such data for purposes of identifying new investments opportunities for the clients. Information from a portfolio investment owned by a client may enable ASBCM to better understand a particular industry and develop and execute investment strategies in reliance on that understanding for ASBCM and other clients that do not own an interest in such portfolio investment, without compensation or benefit to such client or its portfolio investments. Further, data is expected to be aggregated across the clients and their respective portfolio investments and, in connection therewith, ASBCM is expected to serve as the repository for such data, including with ownership, use and distribution rights therein. ASBCM may also share data from a portfolio investment of one client with a portfolio investment of an other client, which may increase a competitive disadvantage for, and indirectly harm, such portfolio investment. Portfolio investments may incur incremental expenses in collecting and organizing information requested or required to be furnished to ASBCM (which expenses are indirectly borne by the clients). ASBCM has in the past and is likely in the future to enter into information sharing and confidentiality arrangements with portfolio investments and other sources of information that may limit the internal distribution and use of such data. ASBCM has already used and is likely in the future in certain instances to use this information in a manner that may provide a material benefit to ASBCM, its affiliates, or to certain other clients without compensating or otherwise benefitting the client or clients from which such information was obtained. In addition, ASBCM may have an incentive to pursue investments in portfolio investments based on the data and information expected to be received or generated. Furthermore, except for (a) contractual obligations to third parties to maintain confidentiality of certain information or limit the scope and

purpose of its use of distribution, (b) policies, practices and procedures designed to ensure confidentiality of trade secrets and (c) compliance with applicable data privacy laws, laws prohibiting insider trading, anti-competition laws and laws protecting national security interests, ASBCM is generally free to use data and information from a client's activities in its sole discretion for the benefit of ASBCM and other clients. The sharing and use of "big data" and other information present potential conflicts of interest and any benefits received by ASBCM or its personnel will not be subject to the advisory Fee offset provisions or otherwise shared with a client or its investors. ASBCM has in the past and is likely in the future to utilize such information to benefit ASBCM, its affiliates and/or certain clients.

Competition between Properties. It is possible that a client may acquire interests in properties that are in competition, including in connection with leasing or selling such properties, with properties owned by other clients of ASBCM or its affiliates, including other funds managed or advised by ASBCM.

Allocation of Fees and Expenses for Consultants and Other Service Providers. ASBCM engages third-party consulting firms and service providers, and licenses data and software, to provide certain services to funds and other clients managed by ASBCM and their investments. Such services include, but are not limited to, preparation of financial statements, tax and tax-related services and accounting preparation and compliance, such as preparation and review of tax returns (including federal, state and property tax returns) for the client and its subsidiaries and properties, premiums for insurance (including errors and omissions, directors and officers and other forms of liability insurance), legal services, ESG assessment, impact assessment, preparation of lease abstracts and analysis in connection with the client's investments, and also the holding of real estate assets, management and administration, data, analytics, survey, appraisal, environmental, finance, research (including data and information service subscriptions, related systems and services from data providers and data management software), insurance, valuation, audit, reporting and other services for the benefit of the client and its subsidiaries and properties, and other fees, costs and expenses related to the sourcing, evaluating, investigating, researching, acquisition, holding, leasing, financing (including the costs and expenses incurred in obtaining, negotiating, entering into, effecting maintaining, varying or terminating such borrowings and commitments and interest arising therefrom), refinancing, development, management, repairs, improvements, monitoring and sale or other disposition of investments (including any legal, audit, travel, financing, appraisal, insurance, consulting, brokerage, engineering, environmental inspection and indemnification costs and expenses), including investments which are not consummated, including legal expenses incurred in connection with claims or disputes related to unconsummated investments, and expenses and fees generated in the course of organizing, maintaining, administering, operating and negotiating joint ventures arrangements and platform investments. Pursuant to a client's governing documents, certain clients will be responsible for their pro rata share of the fees, costs and expenses associated with these services as ASBREI fund expenses. Subject to the foregoing, charges for services allocated to the client, provided on an hourly basis, are typically allocated based on hours worked. Charges for other services are allocated in a manner ASBCM determines is fair and equitable in light of the facts and circumstances of each situation. Charges which have been allocated to a Fund as fund expenses are allocated to investors in the Fund.

Co-Investments with Third Parties. The clients may co-invest with third parties through partnerships, joint ventures or other entities (including alongside other experienced developers or operators ("Co-GP Partners") in so-called "Co-GP JVs"), thereby acquiring less than 100% of the ownership interests in certain investments. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that: (i) a client and such co-venturer may reach an impasse on a major decision that requires the approval of both parties; (ii) the co-venturer or partner

may at any time have economic or business interests or goals that are inconsistent with those of the clients; (iii) the co-venturer or partner may encounter liquidity or insolvency issues or may become bankrupt; (iv) the co-venturer or partner may be in a position to take action contrary to the clients' investment objectives; (v) the co-venturer or partner may take actions that subject the property to liabilities in excess of, or other than, those contemplated; and (vi) in certain circumstances a client, partnership, joint venture or other entity may be liable for actions of its co-venturers or partners. In addition, the clients may rely upon the abilities and management expertise of a co-venturer or partner. Where a client makes an investment through a Co-GP JV, such client will be jointly and severally liable with any other Co-GP Partners for the Project JV's debts and obligations, which may be significant. Project JVs will depend on passive investors ("Project LPs") to contribute substantial amounts of limited partner equity investments to finance their development activities. There is a risk that Project LPs may experience financial difficulties preventing them from contributing capital to the Project JVs, may have or come to have economic or business interests or investment objectives that are inconsistent with those of a client or its Co-GP Partner(s) (the "Co-GPs") or may be in a position to cause to be taken or block certain major actions of the Co-GPs, resulting in a negative impact on the Project JV. Further, if a client's Co-GP Partner is removed from a Project JV, the ability of such client to exercise certain rights may require the cooperation of a successor Co-GP Partner, Project LPs or other persons. It may also be more difficult for a client to sell its interest in any joint venture, partnership or entity with other owners than to sell its interest in other types of investments. In addition, agreements governing joint ventures often contain restrictions on the transfer of interests, "buy-sell" mechanisms or similar provisions that may require a client to obtain the consent of a co-venturer prior to divesting its interest or result in the purchase or sale of a client's interest at disadvantageous time or on disadvantageous terms. The clients may grant co-venturers or partners joint approval rights with respect to major decisions concerning the management and disposition of the investment, which would increase the risk of deadlocks. A deadlock could delay the execution of the business plan for the investment or require the a to engage in a buy-sell of the venture with the co-venturer or partner or conduct the forced sale of such investment. As a result of these risks, a client may be unable to fully realize its expected return on any such investment.

Controlling Person Liability. To the extent a client exercises control over any co-investment with third parties through partnerships, joint ventures or other entities (including through Co-GP JVs), additional risks of liability for environmental damage, failure to supervise management, violation of government regulations (including securities laws) or other types of liability in which the limited liability characteristic of business ownership may be ignored may be imposed. If these liabilities were to arise, such client's assets could potentially be exposed to claims by the relevant partnership or joint venture, including any Co-GP JV and/or Project JV, their security holders and/or their creditors, and such client might suffer a significant loss. The clients will generally seek to structure their investments in Co-GP JVs in a manner that allows the clients to have significant influence on the management, operations and strategic direction of the Co-GP JVs and the Project JVs in which they invests.

Joint Venture Partners: Some of the third-party operators and joint-venture partners with which ASBCM may elect to co-invest a client's capital may have pre-existing investments with ASBCM and its affiliates. In addition, ASBCM and its affiliates have the right to receive certain management and other fees and profits interests with respect to any such joint investments with third parties. To the extent a dispute arises between ASBCM and such operators and partners, a client's investments relating thereto may be affected.

In addition, these third-party operators and joint venture partners typically have the right to receive management and other fees and profits interests with respect to co-investments by a client. These are



in addition to the fees received by ASBCM and, in each case, such fees may be received by an ASBREI Fund as a result of an investment in a Co-GP JV. Further, platforms for acquiring properties or other assets that are owned by an ASBREI Fund, an ASBREI Fund in connection with a joint venture partner, or other client, may be staffed with personnel responsible for sourcing, acquiring, or managing investments for that platform.

*Diverse Interests of Investors:* The investors in an ASBREI Fund may have conflicting investment, tax and other interests with respect to their investments in that Fund. Investors could include but are not limited to tax exempt investors (e.g., corporate and public pension funds, endowments and foundations), taxable investors (e.g., funds of funds, sovereign wealth funds, insurance companies, high net worth individuals and employees of ASBCM and its affiliates and employees of ASBCM's operating partners) and non-U.S. investors. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by the Fund, the structuring or the acquisition of investments, the amount or nature of taxable income with respect to an investment and the use or availability of tax credits for a deferral of taxable income and the nature and timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by ASBCM (including with respect to the nature or structuring of investments) that may be more beneficial for one investor than for another investor, especially with respect to investors' specific or particular tax situations. In addition, ASBREI Funds may make investments that may have a negative impact on related investments made by the investors in separate transactions. In selecting and structuring investments appropriate for an ASBREI Fund, ASBCM will consider the investment and tax objectives of said Fund and its investors as a whole, not the investment, tax or other objectives of any investor individually.

Certain Fund investors are affiliated with ASBCM and hold a substantial majority of the interests in such ASBREI Fund(s). As a result, such investor may control the outcome of any votes taken by the investors in the Fund(s). As an affiliate, such investor may have an incentive to favor ASBCM when exercising its voting authority.

In addition, members of one ASBREI Fund's advisory committee may also be a member of another ASBREI Fund advisory committee. In such instances, a conflict of interest exists because the ASBREI Funds on which such overlapping advisory committee members serve may have conflicting interests. Such advisory committee members may be requested to provide their consent or be informed of the possibility of such conflict.

ASBCM will have a conflict of interest with the clients in recommending the retention or continuation of a service provider to a client if such recommendation, for example, is motivated by a belief that the service provider or its affiliate will provide ASBCM information about markets in which ASBCM operates or is interested or will provide other services that are beneficial to ASBCM or its clients. Although ASBCM selects service providers that it believes will enhance performance of the clients and their investments, there is a possibility that ASBCM, because of financial, business interest, or other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

Service providers to ASBCM and its affiliates often charge varying amounts or may have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required, and the time demands of the service provider. As a result, to the extent the services required by ASBCM or its affiliates differ from those required by clients, ASBCM and its affiliates will pay different rates and fees than those paid by

such clients. As future circumstances warrant, ASBCM may hire and use third party service providers to render services currently performed by ASBCM, its affiliates, or its personnel.

*Other Relationships:* ASBCM and its affiliates have existing and potential relationships with a significant number of corporations, institutions and individuals in matters related to its other businesses and investments. As a result of these relationships, ASBCM may face conflicts of interest in connection with any transactions involving an investment by a client with such persons, including with respect to the consideration offered by, and the obligations of, such persons. In determining whether to pursue a particular investment on behalf of a client, these relationships could be considered by ASBCM, and there may be certain potential investments that will not be pursued on behalf of the client in view of such relationships. As a result, there can be no assurance that all potentially suitable investment opportunities that come to the attention of ASBCM will be made available to each client.

ASBCM, its affiliates and their personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits arising or resulting from their activities on behalf of a client, including but not limited to benefits and other discounts provided from service providers. For example, ASBCM, its affiliates and their personnel may receive preferred access to loan sourcing or other financial services as a result of activities on behalf of a client.

## **ITEM 12a: 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:

- Execution price;
- Execution, clearance, settlement and error correction capabilities;
- Commission rate;
- Responsiveness to CCTC;
- Trading expertise;
- Reputation, financial stability and integrity;
- Willingness and ability to commit capital;
- Willingness and ability to execute difficult transactions;
- Access to underwritten offerings and secondary markets;
- Reliability in executing trades and keeping records;
- Fairness in resolving disputes;
- Timing and size of order;
- Available liquidity;
- Current market conditions;
- Trading venue used;

- Confidentiality; and
- Value of brokerage and research services as permitted under Section 28(e) of the Securities Exchange Act of 1934 (the “Exchange Act”).

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 reviewed on an annual 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 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 are deemed to be paying for other services, including research, with their commission dollars. Research issued to service some or, in certain circumstances, all clients, subject to compliance with applicable law. Research is 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 result 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 can impact 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 Allocation Policy**

Investment allocation presents a risk that ASBIM shows preference 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 12b: ASSET ALLOCATION AND VALUATION (ASBREI)**

### **ASBREI Investment Allocation**

There is a risk that ASBREI may show preference in allocating investment opportunities between clients. ASBREI, 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 ASBREI's policy that no active investment client or Fund shall be favored over any other client or Fund, and all Funds will be allocated investments without prejudice in accordance with each Fund's approved investment objectives. Furthermore, the PAC oversees and ensures that the processes used to allocate investment opportunities are equitable and objective.

The PAC meets as needed, to review preliminary allocations and allocate new investments to the various Funds managed by ASBREI. For allocations for successful transactions being presented to the Real Estate Advisory Investment Committee ("REIAC") for approval, a final allocation recommendation is made to the PAC before the proposed investment is submitted to the REIAC for approval. At such time, the PAC may vote to adjust the preliminary allocation by considering the below allocation factors, if necessary. REIAC only reviews allocation recommendations for investments approved by the PAC.

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

- *Fund Investment Guidelines*: When determining if an investment can be allocated to an account, ASBREI shall ensure that the investment does not violate any Fund-imposed guidelines or limitations. Fund 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 Fund for allocation, ASBREI can remove a Fund from consideration if the potential investment is not suitable for the overall portfolio strategy of the Fund. Diversification considerations, such as asset holdings by type or geographic

location, may indicate that a potential investment is not be appropriate for allocation. Other portfolio strategy or investment considerations, such as anticipated hold period, investment business plan requirements, target returns, the impact on leverage or the individual asset size or investment cost relative to the Fund, are also considered in determining if a Fund is a candidate for allocation.

- *Previous Allocation History:* If all other factors are substantially equal, ASBREI shall allocate potential investments based on the previous allocation history of the eligible Funds. ASBREI will review the previous allocation history for each Fund eligible and determine the recent activity in each Fund. Then, the candidate Fund 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 ASBREI, that investment will be automatically allocated to the Fund that Client is invested in, provided that ASBREI had not previously sourced the investment and the PAC had not already allocated it to a different Fund.

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 ASBREI. The Portfolio Managers and members of ASBREI are not voting members of the Pipeline Oversight Review Group.

There can be no assurance that the application of the process and factors set forth above will result in a client participating in all investment opportunities that fall within its investment objectives.

## **Real Estate Valuation**

There is a risk that values reported to clients for their investments will not be received if the underlying real estate properties were sold at market. Therefore, ASBREI maintains certain valuation policies for ASBREI Funds.

ASBREI uses generally accepted accounting principles ("GAAP") and the Real Estate Information Standards ("REIS") as the basis for setting the timing, frequency and scope of the valuation of real estate assets. In addition, ASBREI values properties in accordance with any individual client guidelines for any separately managed accounts. ASBREI follow the guidelines set forth below for obtaining appraisals.

1. For new investments, an appraisal will be performed within 12 months of the date that the investment is initially funded.
2. For existing investments, an appraisal will be performed within 12 months of the most recent appraisal; however, if (a) the property, (b) ASBREI's interest in the property or (c) ASBREI's interest in a joint venture which owns a property is under a sales contract or a binding letter of intent, no appraisal shall be required for the subject property provided that the sale occurs within 15 months of the last appraisal.
3. An appraisal firm may not perform appraisals for more than four consecutive years on a specific property. Appraisal firms must be approved by REAIC.

ASBREI relies on independent pricing as the source for its valuations. ASBREI may use an external, third party to administer its appraisal process. ASBREI will review all appraisals at a quarterly meeting

to ensure that the proposed appraisals are in accordance with industry standards, free from material errors and that the appraisal has been prepared with due care.

Further, ASBREI has established the Appraisal Oversight Group. The Appraisal Oversight Group reviews the initial and all subsequent appraisals before they are reflected in valuations.

A detailed description of the ASBREI Fund valuation processes is available upon request.

### **ITEM 13: REVIEW OF ACCOUNTS**

#### **ASB Investment Management Division**

When an account is opened, it is reviewed by Client Services and Compliance 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 ASBREI. ASBREI 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. ASBREI makes presentations to REIAC, which provides its advice. Other clients may specify separate approval and oversight procedures in their contracts with ASBREI. Written reports to clients are presented as specified by client contract and/or Fund organizational documents.

### **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 and fund clients hiring ASBIM under this arrangement. Specifics of the shared fee arrangement are provided to prospective clients fund 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. ASBCM's payment of referral fees will not increase ASBCM's fees above the published fee schedule, and referral payments will comply with applicable federal and state laws including the Investment Adviser's Act Rule 206(4)-1 to the extent it applies.

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

## **ITEM 15: CUSTODY**

ASBCM has custody of certain assets. While ASBCM is deemed to have custody of ASBREI Funds because its related persons serve as general partners of those Funds, ASBCM is not required to have a qualified custodian send account statements directly to those Funds or their investors. To the extent assets of a separate account are held by one or more custodial banks, such custodial banks send account statements to an independent representative of the client and/or the client. Such client should compare the account statement received from the custodial bank to account statements ASBCM delivers to investors. 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 publicly traded securities and cash at its sub-custodian, Reliance 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 Reliance 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 with separately managed accounts(s) will provide ASBCM with full discretion of the assets in their account(s) by signing ASBCM's Investment Management Agreement.

## **ITEM 17: VOTING CLIENT SECURITIES**

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. In the event ASBCM experiences a conflict of interest between ASBCM and its client with respect to any particular vote, ASBCM will defer to Broadridge Financial Solutions' recommended vote. 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.

### **Class Actions and Other Litigation Matters**

Where CCTC serves as custodian for a client's account, CCTC may identify, and include the client in, class action claims in which the client is eligible to participate in connection with securities held in the client's account. If CCTC receives notice of any such potential class action claim, CCTC and/or a third party service provider engaged by CCTC will generally review the client's account to determine the client's eligibility to participate in the class action, process any required documentation, receive proceeds of any monetary award or settlement in lieu thereof, and pay any such proceeds to the client

by applying them to the account or delivering a check to the client, net of any third-party expenses incurred in connection with any of the foregoing. For the avoidance of doubt, CCTC will not be entitled to receive any compensation in connection with the processing of class action claims. By participating in the foregoing process, clients may lose out on the opportunity to separately pursue potential securities law claims on their own behalf relating to investments held in the client's account.

#### **ITEM 18: FINANCIAL INFORMATION**

Nothing to disclose. ASBCM does not require prepayment of client fees, is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients and has not been the subject of a bankruptcy proceeding.