

FIRM BROCHURE

(Part 2A of Form ADV)

March 25, 2024

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Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of American Assets Capital Advisers, LLC (“AACA,” the “Firm,” “we” or “us”). If you have any questions about the contents of this Brochure, please contact us at (858) 345-1470, jschwartz@aacadvisers.com, or visit our website at www.aacadvisers.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.

AACA is registered as an investment adviser with the Securities and Exchange Commission; however, such registration does not imply a certain level of skill or training.

Additional information about AACA is also available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 1: COVER PAGE

Please refer to previous page.

ITEM 2: MATERIAL CHANGES

Form ADV Part 2 is divided into two parts: Part 2A and Part 2B. Part 2A (the “Brochure”) provides information about a variety of topics relating to an Adviser’s business practices and conflicts of interest. Part 2B (the “Brochure Supplement”) provides information about advisory personnel of American Assets Capital Advisers, LLC (“AACA,” the “Firm,” “we,” or “us”). While this Brochure dated March 25, 2024 amends last year’s Brochure dated March 9, 2023 to update certain information, AACA has no material changes.

Pursuant to SEC Rules, AACA will ensure that clients receive a summary of any material changes to this Brochure within 120 days of the close of AACA’s fiscal year. Additionally, if the Firm experiences material changes in the future, AACA will send clients a summary of our “Material Changes” under separate cover. For more information about the Firm, please visit www.aacadvisers.com.

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ITEM 4: ADVISORY BUSINESS

A. Description of Firm

American Assets Capital Advisers, LLC is a San Diego, California based investment management firm, founded in 2013. AACA is currently registered with the Securities and Exchange Commission (“SEC”) as an investment adviser and is organized under the laws of the State of Delaware as a limited liability company (“LLC”). AACA offers discretionary investment advisory services exclusively to qualified investors through separately managed accounts and is a sub-adviser to two mutual funds registered under the Investment Company Act of 1940 (“1940 Act”) and one pooled investment vehicle that is a private fund organized as a limited partnership (“Private Fund”). One of the mutual funds AACA sub-advises is called the Altegris/AACA Opportunistic Real Estate Fund, a series of Northern Lights Fund Trust (“Opportunistic Fund”); the other mutual fund is called the Dunham Real Estate Stock Fund (“Real Estate Fund”) (collectively, the Opportunistic Fund and the Real Estate Fund are referred to in this document as the “Funds” or each individually a “Fund”). AACA requires a minimum investment of \$10 million for its separately managed account services. However, AACA retains the right to change or make exceptions to its minimum account size requirements at any time and for any reason without notification.

B. Principal Owners

AACA is owned 44.5% by American Assets Investment Management, LLC, a Delaware limited liability company and investment adviser registered with the SEC (CRD #131660) (“AAIM”), 44.5% by Soledad Realty Capital, Inc., a California corporation (“Soledad”), and the remainder by four individuals who are employees or advisory board members of AACA. AAIM and Soledad are the managers of AACA and each has a 50% voting interest in the Firm. The Ernest Rady Trust is the sole manager and owner of 100% of the membership interest in AAIM, and Burland B. East III is the president and owner of 100% of the shares in Soledad. Ernest Rady is the sole trustee of the Ernest Rady Trust. As such, Messrs. Rady and East jointly control the operations and activities of AACA.

C. Types of Advisory Services Offered

AACA manages separate accounts on a discretionary basis. The strategy for a separately managed account generally is to seek to generate high risk-adjusted total returns by investing in fundamentally mispriced real estate securities while preserving capital and mitigating risk, although the Firm may from time-to-time manage accounts with other investment objectives. The client is responsible for informing AACA of any changes to the client’s investment objectives, individual needs, and restrictions. The client can request in writing to change its investment guidelines and restrictions at any time. If AACA feels it cannot best serve the client’s interests as a result of those changes, we may end the relationship. In addition, AACA does not take any responsibility for the accuracy of the information provided by clients. The required minimum account size for separate accounts is \$10 million, and AACA will open such accounts on a case-by-case basis, in its sole discretion. AACA also reserves the right to change or make exceptions to its minimum account size requirements at any time and for any reason without notification.

In addition to separately managed accounts, AACA offers advisory services, such as making periodic securities recommendations to clients for their own accounts, which are not managed by AACA. The strategy for AACA's advisory services is similar to the strategy for its separately managed account clients. Advisory clients' assets are not included in AACA's calculation of assets under management in the Firm's Form ADV Parts 1 or 2A.

AACA, in its management of the Funds and the Private Fund, seeks to generate high risk-adjusted total returns by investing in fundamentally mispriced real estate securities while preserving capital and mitigating risk. Further information concerning the Funds is available in the their Prospectuses and Statements of Additional Information as noted below. Further information concerning the Private Fund is available in the Private Placement Memorandum and other offering documents.

D. Advisory Agreements

Prior to engaging AACA to provide investment management services, a prospective client is required to enter into a written agreement with the Firm, which will describe the fees to be charged and the terms and conditions under which AACA will render its services. AACA will provide a Brochure, one or more Brochure Supplements, and (if applicable) a Relationship Summary to each client or prospective client prior to or at the time a client executes AACA's investment management agreement. AACA will continue to provide services until terminated by AACA or the client in accordance with the provisions outlined in the agreement.

E. Assets Under Management.

As of December 31, 2023, AACA had approximately \$396,445,268 of client assets under management on a discretionary basis, and no client assets under management on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

A. Account Management and Fees.

For the management of separate accounts, AACA typically is compensated on a case-by-case basis. The client will be required to enter into a written agreement with AACA setting forth the terms and conditions, including the fees, under which AACA shall render its services. Such fees are subject to negotiation under certain circumstances and at the sole discretion of the Firm. AACA may waive all or any portion of a management fee for any client in its sole and absolute discretion. AACA has waived, and may waive in the future, management fees otherwise payable by clients who are members, officers, principals, directors, or employees of AACA, or their family members.

Management fees (as distinct from performance fees, discussed below) for separate accounts generally are billed in arrears and calculated on a monthly or quarterly basis based upon the fair market value of the account as calculated by the client's account custodian as of the last day of the calendar quarter. Management fees for advisory accounts generally are billed in arrears and calculated on a monthly or quarterly basis based on the value of the client's account as determined

by AACA pursuant to the advisory agreement and AACA's valuation policies. Should a client open a separate account or advisory account during the month or quarter (as the case may be), management fees will be prorated for assets held for a partial month or quarter based on the number of days that the account was open during the month or quarter. In the event that AACA's services are terminated mid-month or mid-quarter, the annual fee will be prorated through the date of termination and any earned, unpaid balance will be immediately due and payable by the client.

In accordance with the client's investment management agreement or advisory agreement, AACA sends an invoice to clients billing them for separately managed account and advisory account investment management services on a monthly or quarterly basis. The client should understand that the investment management fee does not include brokerage commissions, transaction fees, or other related costs and expenses incurred by the client. The client may incur certain charges imposed by third parties such as custodial fees, transfer taxes, wire transfer and electronic fund fees, and other fees on brokerage accounts and securities transactions. Further information concerning brokerage practices can be found in Item 12 of this Brochure. Neither AACA nor any of its advisory personnel receive compensation for the sale of securities or other investment products purchased for a client's account.

For its services as sub-adviser to the Private Fund, AACA receives a monthly management fee and (if applicable) a quarterly performance fee equal to a percentage of those fees charged by the Private Fund's adviser to the Private Fund in accordance with the Private Fund's offering documents.

For its services as sub-adviser to the Opportunistic Fund, AACA receives a monthly fee equal to 0.65% of the Fund's average daily net assets. For its services as sub-adviser to the Real Estate Fund, AACA receives a monthly fee with a base or fulcrum equal to 0.45% of the Fund's average daily net assets and can range from 0.15% to 0.75% based on the Real Estate Fund's performance relative to its benchmark index, and subject to certain terms specified in the Sub-Advisory Agreement between AACA and Dunham & Associates Investment Counsel, Inc. (the Real Estate Fund's adviser). Additional information regarding the Funds' advisory fees and other expenses can be found in Funds' Prospectuses and Statements of Additional Information as noted below.

As discussed further in Item 6 below, AACA charges performance fees on certain separately managed accounts and advisory accounts for "*qualified clients*."

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

Performance fees are subject to negotiation with *qualified clients* (which generally refers to a client that, immediately after entering into the contract, has at least \$1,100,000 under management with AACA, or a client who has a net worth exceeding \$2,200,000, or who is a "*qualified purchaser*," as defined by the SEC). All performance fee arrangements will be structured in accordance with Rule 205-3 of the Investment Adviser's Act of 1940, as amended (the "Advisers Act").

AACA currently charges a performance fee to certain advisory accounts and certain separately managed accounts of *qualified clients*; AACA also receives performance fees for its management of the Real Estate Fund and the Private Fund. For advisory accounts and separately managed

accounts, the terms of the performance fee arrangement, including the percentage fee and whether AACA includes unrealized, as well as realized, capital gains and losses in calculating the performance-based fees, are described in the client's advisory agreement or investment management agreement. For the Private Fund, the terms relating to the performance fee and how it is calculated are described in the Private Fund's offering documents. Additional information regarding the Real Estate Fund's advisory fees can be found in that Fund's Prospectus and Statement of Additional Information.

Importantly, performance-based fee arrangements create an incentive for AACA to recommend investments that may be riskier or more speculative than those it would recommend under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Additionally, the performance-based fee structure creates an incentive for the portfolio manager responsible for those portfolios to devote a disproportionate amount of time to their management, and compensation may be larger than it otherwise would have been because the fee/incentive allocation will be based on account performance instead of a percentage of assets under management.

AACA has procedures in place to ensure that all clients are treated fairly and equitably, and to prevent such conflicts from influencing the allocation of investment opportunities among clients. This includes: (i) the specific terms (including investment guidelines and restrictions) of the advisory agreements, investment management agreements, and offering documents for the clients who pay a performance-based fee, which may differ from those of other separately managed account clients, advisory clients, the Private Fund, and the Funds; (ii) not offering our own investment products; and (iii) applying the same overarching core strategy for how we assess stocks to all the client accounts we manage.

Other funds or accounts that AACA manages may have investments substantially the same as, or that overlap with performance-based fee accounts, or may have investment objectives that differ substantially from those of such accounts. They may afford some investors more advantageous information, liquidity, or other rights than those afforded to other investors, and may have different compensation arrangements. Further, differences in compensation arrangements or interests by AACA or its principals in other accounts creates incentives for AACA to favor one or more accounts over other accounts. As discussed elsewhere in this Brochure, AACA has procedures in place to ensure that all clients are treated fairly and equitably, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Certain client accounts, such as separately managed accounts or advisory accounts, may hold the same illiquid, non-publicly traded securities as the Funds. Due to requirements imposed on registered mutual funds that are not applicable to these other types of client accounts, AACA may use different methods to value these illiquid securities in the non-Fund accounts as compared to the methods used to value these securities in the Fund accounts. This poses a conflict because the different valuation methods may result in different fees charged to the Fund clients versus non-Fund clients. AACA addresses this conflict by having procedures in place, including (i) written valuation policies that AACA follows for each client account, and (ii) valuing these securities at the lower of cost or fair market value, except when subject to regulatory requirements imposed on registered mutual funds.

ITEM 7: TYPES OF CLIENTS

AACA provides three main types of investment management services: portfolio management for separately managed accounts, portfolio management of two registered mutual funds (i.e., investment companies) and portfolio management of a private fund. AACA also offers advisory services, such as making periodic securities recommendations to clients for their own accounts, which are not managed by AACA. The clients for the separately managed accounts and advisory accounts may be institutional clientele, including high net worth individuals, trusts, estates, charitable endowments, corporations and other corporate entities, and pension and profit sharing plans.

Separately managed accounts have a minimum investment requirement of \$10 million, although AACA has the right to waive or modify this requirement.

Information concerning the minimum investment requirements of the various share classes of the Opportunistic Fund is set forth in the Opportunistic Fund's Prospectus and Statement of Additional Information, which are available at:

<http://www.altegris.com/Funds/Mutual-Funds/Altegris-AACA-Opportunistic-Real-Estate-Fund.aspx>

Information concerning the minimum investment requirements of the various share classes of the Real Estate Fund is set forth in the Real Estate Fund's Prospectus and Statement of Additional Information, which are available at: <https://www.dunham.com/FA/FundInfo/RealEstateStock/C>

Information concerning the minimum investment requirements of the Private Fund is set forth in the Private Fund's offering documents.

There may be times when certain restrictions are placed by a client that prevent AACA from accepting or continuing to manage the client's account. AACA reserves the right to not accept or to terminate management of a client's account if we feel that the client's imposed restrictions would limit or prevent us from meeting or maintaining our overall investment strategy, or for other reasons.

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

A. Investments and Strategies for Separate Accounts, Advisory Accounts, and Private Fund

AACA's investment strategy for separately managed accounts, advisory accounts, and the Private Fund usually is similar to that of the Opportunistic Fund and Real Estate Fund with respect to equity securities (i.e., investing, trading, and dealing in publicly traded (and sometimes restricted, non-public) real estate securities and real estate related securities). Additionally, AACA may purchase debt/bond securities for separate accounts and the Private Fund, and commercial mortgage backed securities for the Private Fund. The descriptions of the specific activities in which the Private Fund may engage should not be understood to limit in any way the types of investment

activities or the allocation of Private Fund capital among such investments that the Private Fund may make. The Private Fund may engage in any investment activities that the General Partner or its Advisers (as defined in the Private Fund's offering documents) consider appropriate and consistent with the Private Fund's objective.

The investment strategy for separately managed accounts, the Private Fund, and advisory accounts may differ from that of the Funds (and each account's strategy may differ from the other) in order to comply with various state and federal regulatory requirements depending on the nature, business, and governing laws of the specific client that opens the separate account or has an advisory account, or pertaining to the Private Fund. The investment strategy for separately managed accounts, the Private Fund, and advisory accounts also may differ based on the client's investment guidelines, objectives, and restrictions.

B. Investments and Strategies for Opportunistic Fund

The Opportunistic Fund invests on a long and short basis primarily in equity securities of real estate and real estate related companies. The Fund's equity securities may include common and preferred stock, rights and warrants, equity derivatives, and convertible securities. The Opportunistic Fund may invest in U.S. and non-U.S. companies, which may include companies and issuers located in emerging markets countries. As the Opportunistic Fund's sub-adviser, AACA's investment strategy is to identify opportunities in real estate securities and real estate related securities that are trading at what AACA believes is less than their intrinsic values by employing a fundamental analysis process through reference to a number of factors, including the value and characteristics of underlying real estate ownership, reliability and performance of management teams, valuation of securities issued by the companies, financial analysis, transparency of reporting, and liquidity. Additional information regarding the Opportunistic Fund's investment policies, strategies, and risks is set forth in the Opportunistic Fund's Prospectus and Statement of Additional Information, which can be obtained as indicated above.

C. Investments and Strategies for Real Estate Fund

The Real Estate Fund invests on a long-only basis primarily in equity securities of real estate companies and real estate related companies. The Real Estate Fund's equity securities may include common and preferred stock, rights and warrants, derivatives, and convertible securities. The Real Estate Fund may invest in U.S. and non-U.S. companies, which may include companies and issuers located in emerging markets countries. As the Real Estate Fund's sub-adviser, AACA's investment strategy is to identify opportunities in real estate securities and real estate related securities that are trading at what AACA believes is less than their intrinsic values by employing a fundamental analysis process through reference to a number of factors, including the value and characteristics of underlying real estate ownership, reliability and performance of management teams, valuation of securities issued by the companies, financial analysis, transparency of reporting, and liquidity. Additional information regarding the Real Estate Fund's investment policies, strategies, and risks is set forth in the Real Estate Fund's Prospectus and Statement of Additional Information, which can be obtained as indicated above.

D. Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Prior to entering into an investment management agreement with AACA, a client should carefully consider: (1) committing to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, usually three-to-five years, (2) that volatility from investing in the stock market or other securities can occur, and (3) that over time the client's assets may fluctuate and at any time be worth more or less than the amount invested.

Below is a discussion of certain risks associated with investing in securities. Further information regarding risks associated with the investing in the Funds and the Private Fund are described in the Funds' Prospectuses and Statements of Additional Information, and the Private Fund's offering documents, respectively, as noted above.

- **Market Risk**: The client's account is subject to market risk – the risk that the securities markets will increase or decrease in value. Market risk applies to every security. Security prices may fluctuate widely over short or extended periods in response to market or economic news and conditions. Securities markets also tend to move in cycles, with periods of rising security prices and periods of falling security prices. If there is a general decline in the securities markets, it is possible a client's investment may lose value regardless of the individual results of the companies in which AACA invests.
- **Interest Rate Risk**: Interest rate risk is the risk that a debt security's value will decline due to changes in market interest rates. Even though some interest-bearing securities offer a stable stream of income, their prices will fluctuate with changes in interest rates.
- **Credit Risk**: Credit risk is the risk that the issuer of a debt security will fail to repay principal and interest on the security when due. Credit risk is affected by the issuer's credit status, and generally is higher for non-investment grade securities.
- **Income Risk**: Income risk is the potential for a decline in the account's income due to falling interest rates.
- **Common Stock Risk**: Common stocks are subject to greater fluctuations in market value than other asset classes as a result of such factors as a company's business performance, investor perceptions, stock market trends, and general economic conditions. The rights of common stockholders are subordinate to all other claims on a company's assets, including debtholders and preferred stockholders; therefore, the client's account could lose money if a company in which it invests becomes financially distressed. Some portfolios managed by the Firm are invested in a relatively small number of stocks. As a result, the appreciation or depreciation of any one security held in the account will have a greater impact on the account's performance than it would if the account were invested in a larger number of securities. Although that strategy has the potential to generate attractive returns over time, it also increases the account's volatility. As a result, when a client elects to exit this strategy, their account may be worth more or less than the amount initially invested.

- Preferred Stock Risk: Some of the investment strategies offered by the Firm consist largely of preferred stock. Typically, a rise in interest rates causes a decline in the value of preferred stock. Preferred stocks are also subject to credit and default risk, which is the possibility that an issuer of preferred stock will fail to make its dividend payments.
- Non-Diversification Risk: Some of the investment strategies and portfolios offered by the Firm are non-diversified, which gives them a greater potential to realize losses upon the occurrence of adverse events affecting a particular sector.
- Real Estate Industry Concentration Risk: The Firm's investment strategies generally concentrate in the real estate sector. By concentrating in a single sector, these strategies carry much greater risk of adverse developments in that sector than a strategy that invests in a wide variety of industries. Real estate values rise and fall in response to a variety of factors, including local, regional and national economic conditions, interest rates and tax considerations.
- Risks Related to Real Estate: Some of the investment strategies offered by the Firm consist largely or entirely of publicly traded real estate securities (including Real Estate Investment Trusts ("REITs")) and real estate related securities. Thus, an investment in those strategies is subject to the inherent risks attendant to the ownership of interests in real estate.
 - Investments in real estate are subject to varying degrees of risk. Real estate values are affected by a number of factors, including changes in the general economic climate, local conditions, the quality and philosophy of management, competition based on rental rates, attractiveness and location of the properties, physical condition of the properties, financial condition of buyers and sellers of properties, quality of maintenance, insurance and management services, and changes in operating costs. If the companies in whose securities the Firm invests on behalf of a client do not generate sufficient revenues to meet their operating expenses, including debt service and capital expenditures, the client's position in the security could be adversely affected. Certain significant expenditures associated with such companies (such as mortgage payments, real estate taxes, lease obligations, and insurance and maintenance costs) generally are not reduced when circumstances cause a reduction in income of such companies. Real estate historically has experienced significant fluctuations and cycles in value and the Firm may buy or sell investments on behalf of clients at less than optimal times. Real estate values are also affected by such factors as: government regulations (including those governing usage, improvements, zoning, and taxes); interest rate levels; the availability of financing; participation by other investors in the financial markets; potential liability under changing laws; acts of God, including earthquakes, hurricanes, and other natural disasters; pandemics; acts of war; and acts of terrorism (any of which may result in uninsured losses).

- Stock prices and company valuations of real estate companies may increase or decline sharply depending on whether or not an anticipated event occurs or as a result of changing investor perceptions about a company. Moreover, price changes among securities in the real estate securities market may be affected by developments pertaining only to one or a few companies and the value of a client's investment may fluctuate significantly over relatively short periods of time.
- The activities of certain real estate companies are also strongly affected by federal, state, and local government activities, regulation, and legislation. The real estate industry is extensively regulated and subject to frequent regulatory change, which can have a significant impact on methods and costs of doing business. This includes rules, regulations, and ordinances concerning the protection of health and the environment. Environmental laws may result in delays, may cause the companies in which the Firm invests on behalf of a client to incur substantial compliance and other costs, and may prohibit or severely restrict development in certain environmentally sensitive regions or areas. It is also possible that the owners of properties with significant contamination could be exposed to property damage and personal injury claims by adjoining or nearby landowners or residents, and there can be no assurance that environmental laws relating to real estate will not be amended in the future in ways that could adversely affect a client's investments in other ways.
- The real estate market tends to be highly competitive. The Firm may be competing for suitable investments with other real estate investment vehicles, as well as individuals, financial institutions, and other institutional investors, and a client's performance may be dependent upon the availability of, as well as the Firm's ability to identify, consummate, manage, and realize, attractive real estate investment opportunities.
- The Firm's real estate and real estate related investment strategies invest in securities of Real Estate Investment Trusts ("REITs"), which generally will not be subject to U.S. federal corporate income tax on their net income that is currently distributed to its shareholders. However, qualification as a REIT for federal income tax purposes involves the application of highly technical and complex provisions of the Internal Revenue Code for which there are only limited judicial or administrative interpretations, and the determination of various factual matters and circumstances not entirely within the REIT's control. If any REIT fails to maintain its qualification as a REIT in any taxable year, and certain relief provisions do not apply, the REIT would be subject to tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates. In such an event, distributions by the REIT to the client would, to the extent of earnings and profits, be taxable to the client as ordinary dividends. Further, unless entitled to relief under specific statutory provisions, such REIT will also be disqualified from taxation as a REIT for the four taxable years following the year during which qualification was lost.

- As part of its real estate related strategies on behalf of clients, the Firm may acquire securities in companies owning undeveloped real property, which is initially non-income producing property. To the extent clients invest in such assets, they will be subject to the risks normally associated with such assets and development activities, including those relating to the availability, expense and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction (including risks beyond the control of the Firm, such as weather or labor conditions or material shortages), and the availability of both construction and permanent financing on favorable terms. These risks could have an adverse effect on the clients' investments. In addition, market conditions may change during the course of development that make such investments less attractive than at the time they were consummated.
- Illiquid and Restricted Securities: Client accounts may contain certain illiquid securities. Illiquid securities include securities subject to contractual or legal restrictions on resale (e.g., because they have not been registered under the Securities Act of 1933 ("Securities Act")) and securities that are otherwise not readily marketable (e.g., because trading in the security is suspended or because market makers do not exist or will not entertain bids or offers). Securities that have not been registered under the Securities Act are referred to as private placements or restricted securities and are purchased directly from the issuer or in the secondary market. Foreign securities that are freely tradeable in their principal markets are not considered to be illiquid. Restricted and other illiquid securities may be subject to the potential for delays on resale and uncertainty in valuation. AACA's clients may be unable to dispose of illiquid securities promptly or at reasonable prices and AACA might thereby experience difficulty in satisfying redemption requests from clients.
- Derivatives Risk: The use of derivatives can lead to losses because of adverse movements in the price or value of the asset, index, rate, or instrument underlying a derivative, due to failure of a counterparty or due to tax or regulatory constraints. Derivatives may create investment leverage in the client's account, which magnifies the account's exposure to the underlying investment. Derivative risks may be more significant when they are used to enhance return or as a substitute for a position or security, rather than solely to hedge the risk of a position or security held by the account. Derivatives for hedging purposes may not reduce risk if they are not sufficiently correlated to the position being hedged. A decision as to whether, when, and how to use derivatives involves the exercise of specialized skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. Derivative instruments may be difficult to value, may be illiquid, and may be subject to wide swings in valuation caused by changes in the value of the underlying instrument. The loss on derivative transactions may substantially exceed the initial investment.
- Option Risk: An option is a derivative that establishes a contract between two parties concerning the buying or selling of an asset at a reference price. The buyer of the option gains the right, but not the obligation, to engage in some specific transaction on the asset, while the seller incurs the obligation to fulfill the transaction if so requested by the buyer. The price of an option derives from the difference between the reference price and the value

of the underlying asset plus a premium based on the time remaining until the expiration of the option. A further risk in derivatives such as options is counterparty risk. In an option contract this risk is that the seller won't sell or buy the underlying asset as agreed.

- Selling Securities Short: In addition to investing on a long basis, some client accounts sell securities short. In selling securities short, the possible gains are limited (the stock can only decline to a price of zero), and the seller can lose more than the original value of the share, with, in theory, no upper limit. For this reason, short selling is usually used as part of a hedge rather than as an investment in its own right. Short positions pose a risk because they lose value as a security's price increases; therefore, the loss on a short sale is theoretically unlimited.

Past performance is no guarantee of future results.

ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisers such as AACA are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of the Firm or the integrity of its management. AACA does not have any such legal or disciplinary events, and thus has no information to disclose with respect to this Item.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

AACA will devote such time and attention as it deems necessary for the management of the affairs of its advisory and separate account clients and the Private Fund and Funds. In this regard, Burland East and Creede Murphy will devote substantial time and attention to the affairs of the Firm's advisory and separate account clients and the Private Fund and Funds. Burland East is on the advisory boards of Comunidad Realty Partners and Redhill Realty Investors, LP, and is a limited partner in Jersey Boys Broadway, L.P.

AAIM, an investment adviser registered with the SEC (CRD #131660), owns and holds a 44.5% membership interest and 50% voting interest in AACA. The Ernest Rady Trust is the sole managing member and owner of 100% of the membership interest in AAIM. Ernest Rady (CRD #2407139) is the sole trustee of the Ernest Rady Trust. Soledad owns and holds a 44.5% membership interest and 50% voting interest in AACA. Burland B. East III (CRD #1529809) is the president and owner of 100% of the shares in Soledad. As such, Messrs. Rady and East jointly control the operations and activities of AACA.

Ernest Rady, AACA's Executive Chairman, is on the boards of directors of (i) American Assets Trust, Inc., a publicly traded real estate investment trust (NYSE: AAT), (ii) ICW Group Holdings, Inc. ("ICW Group") and its subsidiaries, including Insurance Company of the West, a multi-line property/casualty insurance group ("ICW"); (iii) CalPrivate Bank (OTCQX: PBAM), ; (iv) Ensign, Inc., a digital insurance marketplace platform, (v) Horatio Alger Association, (vi) San Diego Regional Policy & Innovation Center, and (vii) Pacific Capital Trading Corporation. Mr. Rady is also the Chief Executive Officer of AAT, President and Chairman of the Board of American Assets, Inc. (the majority owner of ICW), Chairman of the loan committee and

member of the asset-liability committee for CalPrivate Bank, Chairman of the Dean's Advisory Council of the Rady School of Management at the University of California, San Diego ("UCSD"), Chairman of the Real Estate Advisory Committee of UCSD, and owner of Summit E&P, LLC. Additionally, Mr. Rady is the Chief Executive Officer, Chief Investment Officer, and Chief Compliance Officer of AAIM.

In addition, please note that ICW is a separately managed account client of AACA, and Ernest Rady controls and owns, through an affiliate, a majority of the outstanding shares of ICW Group. This poses potential conflicts discussed further in Item 11 below; however, the potential conflicts are mitigated by the fact that Mr. Rady is not involved in the day-to-day affairs of AACA or the management of the ICW account or any other AACA client account.

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

A. Code of Ethics Summary

The Advisers Act imposes a fiduciary duty on all investment advisers to act in the best interest of their clients. AACA's clients therefore entrust us to use the highest standards of integrity when dealing with their assets and making investments that impact their financial future. Our fiduciary duty compels all employees to act with integrity in all of our dealings.

AACA has adopted a Code of Ethics for the purpose of instructing its personnel in their ethical obligations and to provide rules for their personal securities transactions. AACA and its personnel owe a duty of loyalty, fairness, and good faith to their clients, and the obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code of Ethics. The Code of Ethics covers a range of topics that include: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV, and supervisory procedures. AACA will provide a copy of the Code of Ethics to any client or prospective client upon request.

AACA obtains information from a wide variety of publicly available resources. AACA and its personnel do not have, nor claim to have, material, non-public information with respect to the companies in which AACA invests on behalf of its clients.

B. Participation or Interest in Client Transactions

The Firm's Code of Ethics permits AACA, its employees, and affiliates (i.e., associated persons of AACA) to invest in the same securities as clients. This creates a conflict of interest because associated persons have an incentive to favor their own accounts over those of clients, and the associated person could benefit from market activity by a client in a security held by that person.

In order to minimize these conflicts, investment activities for clients and the Firm's associated persons are reviewed carefully and regularly in accordance with the Code of Ethics to ascertain

whether any conflicts of interest are presented by such investments and to reasonably prevent conflicts of interest between AACA and its clients. Further, trades for associated persons' personal accounts are required to be pre-approved, and client accounts always trade first if the Firm plans to trade a security for a client when the associated person also wants to trade that same security. Moreover, under policies adopted by and in accordance with the fiduciary duties of AACA, any conflict will be resolved in favor of the client.

Burland East, AACA's Chief Investment Officer and co-member/manager (as described in Item 4 above), and Creede Murphy, AACA's Chief Operating Officer/Portfolio Manager, are invested in the Opportunistic Fund, though their investments represent a very small percentage of the Opportunistic Fund's total assets. These relationships create a conflict of interest because the Firm has an incentive to allocate investment opportunities to the Opportunistic Fund in a manner that favors the interests of that account over the interests of other clients. AACA addresses this conflict of interest by employing the same overarching core strategy for all clients, following each client's investment guidelines and restrictions, and by allocating transactions and investment opportunities in an equitable manner, as described in Item 12 below.

AACA is not, and is not affiliated with, any broker-dealer; AACA does not effect any principal or agency cross securities transactions for client accounts, nor does it effect internal cross-trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to an advisory client. An agency cross-transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Should AACA ever decide to effect principal trading or agency cross-trades, it will comply with the applicable provisions of the Advisers Act, including Rule 206(3)-2 and, with respect to the Funds, the applicable provisions of the 1940 Act.

ITEM 12: BROKERAGE PRACTICES

A. Broker Selection

In deciding which broker-dealers to use, AACA may consider a wide range of factors. These include, among others, a broker-dealer's: historical execution performance; commission rate; execution, clearance, settlement, and error correction capabilities (both generally and as they relate to the particular type of trade or security); willingness to commit capital; reliability and financial stability; ability to locate securities to borrow for short sales; and provision of research and other services and products (including the nature, quantity, and quality of those services). AACA may cause client accounts to pay commissions and other transaction compensation at higher than the lowest available rate as a result of considering the above factors.

Please see Item 15(A) below for discussion regarding prime brokerage arrangements.

B. Transaction and Investment Opportunities

Neither AACA nor any of its principals or affiliates has any obligation to provide clients with any particular investment opportunity or to refrain from taking advantage of an investment opportunity that could be beneficial to clients. AACA will allocate transactions and opportunities among the various accounts it manages in a manner it believes to be equitable, considering each account's objectives, programs, limitations, and capital available for investment, but even accounts with similar objectives may often have different investment portfolios.

C. Aggregation

Conflicts of interest also could arise in connection with transactions for the separately managed accounts and other investment vehicles that AACA manages. In some cases, the various accounts may seek to buy or sell the same security or other investment at the same time. In those cases, AACA may combine purchase orders, or combine sale orders, on behalf of one or more accounts with orders for those of other account(s). Although that creates a conflict of interest because such transactions could be either advantageous or disadvantageous to one or more particular accounts, AACA will effect those transactions only when it believes that to do so will be in the best interest of the affected accounts. To minimize the conflict, when such aggregated transactions occur the objective will be to allocate on an average price basis or in a manner that is deemed equitable to the accounts involved. At times, however, AACA may cause the various accounts to effect transactions that differ in substance, timing, and amount. This may be due to, among other things, differences in investment objectives or other factors affecting the appropriateness or suitability of particular investment activities to the accounts, limitations on the availability of particular investments, or transactional opportunities or differences in withdrawal or redemption rights.

D. Soft Dollars Considerations

AACA's policy is to comply with the provisions of the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)"), when entering into soft dollar arrangements. Section 28(e) generally allows investment advisers to use client commissions to pay for certain brokerage and research services under certain circumstances without breaching their fiduciary duties to clients (known as "soft dollars"). Brokerage and research services may include, among other things, effecting securities transactions and performing services incidental thereto (such as clearance, settlement, and custody) and providing information regarding the economy, industries, sectors of securities, individual companies, statistical information, taxation, political developments, legal developments, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, and performance analysis. Such research services can be received in the form of, for example, written reports, telephone conversations, personal meetings with securities analysts or individual company management, and attending conferences. The research services provided by a broker may be proprietary or provided by a third party (*i.e.*, originating from a party independent from the broker who provided the execution services).

Subject to Section 28(e), brokerage commissions may be paid in excess of that which another broker might have charged for effecting the same transaction, so long as an adviser makes a good faith determination that the amount of commission charged is reasonable in relation to the value

of the brokerage and research services received, viewed in terms of either the specific transactions or an adviser's overall responsibility to the accounts for which it exercised investment discretion.

Research services provided by brokers may be used by advisers in servicing any or all of the adviser's clients, and may be used in connection with clients other than those making the payment of commissions, as permitted by Section 28(e). Because AACA employs one overarching core strategy that results in significant overlap in the strategies for AACA's clients, the Firm generally uses soft dollars for research services that benefit multiple client accounts, without distinction as to which client account generated the soft dollars. Rather, AACA directs transactions to brokers based on a number of factors, as described above, including the research services provided by the brokers. Further, soft dollar costs are spread among clients generally based on percentage of total Firm assets under management ("AUM") (calculated monthly using account month-end AUM), adjusted for leverage.

When AACA uses client brokerage commissions to obtain research or other products or services, the Firm receives a benefit because it does not have to produce or pay for the research, products, or services. Thus, although customary, this practice means that AACA may have an incentive to select or recommend a broker-dealer based on AACA's interest in receiving research or other products or services, rather than on the client's interest in receiving most favorable execution. AACA conducts regular assessments of its broker selection and execution to ensure it is adhering to the factors listed in Item 12(A) above in order to seek the best execution for its clients and act in its clients' best interests.

In the last fiscal year, AACA generated soft dollars when it directed client transactions to a small number of brokers. These brokers provide superior execution based on the factors listed in Item 12(A) above. AACA used the soft dollars to pay for investment research in the form of subscriptions to investment research databases and reports. One such database provides security pricing and information, and research and analysis tools. A second database is REIT-specific (AACA's investment strategies for all of its clients center around real estate securities and real estate related securities such as REITs) and includes REIT-specific research, industry information, and analysis tools. The third subscription is a REIT-specific independent research institution that provides research and a database of commercial real estate information and industry metrics, and other research and reports.

E. Handling Trade Errors

Errors created in client accounts must be corrected so as not to harm any client. The goal of error correction is to make the client whole, regardless of the cost to AACA. Soft dollar arrangements or the promise of future trade commissions cannot be used to correct errors when placing a trade for a client's account and AACA cannot correct a trade error made in a client's account by allocating the trade to a different account, unless that account was meant to receive the trade in the first place.

ITEM 13: REVIEW OF ACCOUNTS

AACA's portfolio managers review account transactions on a daily basis. AACA's separate account clients receive monthly statements directly from the custodian for the account, with

information concerning valuations, profits, gains, and losses. In some cases, the Firm may also provide written reports with similar information in addition to the information provided by the custodian. Investors in the Funds receive such information in monthly brokerage statements provided by the Funds' distributor, as further described in the Funds' Prospectuses and Statements of Additional Information, as noted above. Investors in the Private Fund receive such information in monthly capital account statements and annual audited financial statements from the Private Fund.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

AACA is not involved in any arrangements whereby someone who is not a client provides an economic benefit to AACA for providing investment advice or other advisory services to our clients. Moreover, AACA does not directly or indirectly compensate anyone who is not our supervised person (i.e., third parties) for client referrals. AACA also does not compensate any third parties for endorsements or testimonials. If AACA does engage in any of these arrangements or activities in the future, it will comply with Rule 206(4)-1 of the Advisers Act and any other applicable regulatory requirements.

ITEM 15: CUSTODY

Pursuant to Rule 206(4)-2 of the Advisers Act, AACA may be deemed to have custody of client funds if the Firm has the authority to make withdrawals from a client account. To mitigate any potential conflicts of interests, all AACA client account assets are maintained with independent qualified custodians. AACA currently is not deemed to have custody of client funds under Rule 206(4)-2.

AACA may only implement its investment management recommendations after the client has arranged for and furnished AACA with all information and authorization regarding its accounts held at the designated qualified custodian.

A. Prime Broker and Custodian(s) for Client Accounts

AACA makes a case-by-case determination as to the prime broker and custodian for separately managed accounts. Clients should be aware, however, of the differences between having their assets custodied at a broker-dealer versus at a bank or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, client reporting, and technology.

AACA may only implement its investment management recommendations after the client has arranged for and furnished AACA with all information and authorization regarding its accounts held at the designated qualified custodian. Clients receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains their assets. Clients are urged to carefully review all custodial statements and compare them to any performance reports that may be provided by AACA. AACA's performance reports for client separately managed accounts may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

The assets of the Private Fund are held with a third party qualified custodian as described in the Private Fund's offering documents.

The assets of the Funds are held with third party qualified custodians and maintained with such custodians pursuant to the rules, regulations, and requirements set forth in the 1940 Act as applicable to the custody of assets of registered investment companies.

ITEM 16: INVESTMENT DISCRETION

A. Discretionary Authority

Separately managed account services are performed by AACA on a discretionary basis. In exercising its discretionary authority, AACA has the ability to determine the type and amount of securities to be transacted and whether a client's purchase or sale should be combined with those of other clients and traded as a "block." Such discretion is exercised in a manner consistent with each client's stated investment objectives, risk tolerance, and time horizon. In addition, AACA's authority to trade securities may be limited in certain circumstances by applicable legal and regulatory requirements. Clients are permitted to impose reasonable limitations on AACA's discretionary authority, including restrictions on investing in certain securities or types of securities. All such limitations, restrictions, and investment guidelines must be provided to AACA in writing.

With respect to its sub-advisory services in connection with the Private Fund, AACA exercises discretionary authority with respect to securities and related transactions on behalf of the Private Fund pursuant to its agreement with the Private Fund's adviser and in accordance with the applicable terms of the Private Fund's offering documents.

With respect to its sub-advisory services in connection with the Funds, AACA exercises discretionary authority with respect to securities and related transactions on behalf of the Funds pursuant to its agreements with the Funds' advisers, as further discussed in the Funds' Prospectuses and Statements of Additional Information, as noted above.

B. Limited Power of Attorney

By signing AACA's investment management agreement, clients with discretionary accounts authorize AACA to exercise full discretionary authority with respect to all delivery-versus-payment transactions involving the client's account. Pursuant to such agreement, AACA is designated as the client's attorney-in-fact with discretionary authority to effect investment transactions in the client's account, which authorizes AACA to give instructions to third parties in furtherance of such authority.

ITEM 17: VOTING CLIENT SECURITIES

AACA is required to describe its proxy voting policies and procedures and, upon the request of any client for whom AACA votes proxies, to provide such person with (i) the actual policies and

procedures and (ii) information about votes cast on behalf of any account in which such person has made an investment. In general and as needed, proxies will be voted in consultation with the Firm's investment professionals who are responsible for the relevant portfolio investment. The investment professionals, after consultation with senior professionals and counsel, as necessary and appropriate, will vote (or direct their designees to vote) proxies in a manner they believe to be consistent with the best interest of the client. The investment professionals will monitor potential conflicts in proxy voting by consulting with counsel as necessary and taking appropriate measures to minimize any such conflicts.

Records of proxy material and votes are maintained in our office. A complete copy of our detailed proxy voting policies and procedures and information on how AACA voted proxies is available upon request. AACA votes proxies for the Funds, the Private Fund, and certain separately managed accounts. Clients for whom AACA does not have authority to vote the client securities will receive their proxies or other solicitations directly from their custodian or a transfer agent, as applicable. AACA generally will not discuss with clients any questions they may have about a particular proxy solicitation.

ITEM 18: FINANCIAL INFORMATION

AACA does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. AACA does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients, and has not been the subject of a bankruptcy proceeding.