

Harrison Street Securities, LLC

150 N. Wacker Drive
Suite 800
Chicago, IL 60606

Contact:

James P. McNamara
Director of Operations
jmcnamara@harrisonst.com
312-582-2861

www.harrisonst.com

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This brochure provides information about the qualifications and business practices of Harrison Street Securities, LLC. If you have any questions about the contents of this brochure, please contact us through James McNamara, Director of Operations at 312-582-2861 or jmcnamara@harrisonst.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.

Additional information about Harrison Street Securities, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Harrison Street Securities, LLC is an SEC registered investment advisor. This registration does not imply a specific level of expertise, skill or training. This registration does not imply a recommendation by the United States Securities and Exchange Commission or by any state securities authority.

This Cover Page constitutes Item 1 to the Harrison Street Securities, LLC Brochure

Please note: Harrison Street Securities, LLC does business as Harrison Street Securities Management, LLC in the State of Illinois.

Item 2. Material Changes

The following information is an update of material changes to the Form ADV, Part II annual updating amendment filed on March 30, 2009.

Harrison Street Securities, LLC (“HSS”, the “firm” or “we”) is an SEC registered, principal-owned investment management firm. We are focused on the management of portfolios of publicly traded real estate-related securities of North American domiciled companies on behalf of institutional clients and high-net worth individuals. The firm was founded in 2005 as Transwestern Securities Management, L.L.C. by Transwestern Investment Company, L.L.C. (TIC), James Kammert and Reagan Pratt. TIC owned 60% and Kammert and Pratt, being the portfolio managers as well as principals, owned collectively 40% of the firm. On December 31, 2010, HS Securities Holdings, LLC, a Delaware limited liability company, purchased for cash the 60% ownership interest from TIC. Kammert and Pratt continue to own collectively a 40% interest in the firm and continue to serve as the firm’s portfolio managers. HS Securities Holdings, LLC is an affiliate of Harrison Street Real Estate Capital (HSRE), the sponsor of three private real estate funds having holding ownership interests in approximately \$2.4 billion in real estate assets, including operating properties and properties under development. The controlling members and managers of HS Securities Holdings, LLC are Christopher Merrill, Christopher Galvin and Michael Galvin. HS Securities Holdings, LLC has appointed Christopher Merrill to the board of managers of HSS. He is also a principal and officer of HSRE. Messrs. Christopher Galvin and Michael Galvin are private investors. Merrill, Kammert and Pratt serve as the board of managers of the firm. In connection with the change of ownership control of HSS, James Fox, Douglas Lyons, Stephen Quazzo, and Robert Duncan, all being executive officers of TIC, resigned from the firm. TIC is no longer a control person of the firm.

Stephen Gordon, General Counsel of HSRE serves as the Chief Compliance Officer of HSS.

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Item 4. Advisory Business

- A. *Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).*

We are an SEC registered, principal-owned investment manager focused on the management of portfolios of publicly traded real estate-related securities of North American domiciled companies. Our clients are institutional clients and high-net worth individuals. We manage a private investment fund, Harrison Street Securities Active Low Risk Alpha Fund, LLC (ALRA Fund).

The firm was founded in 2005 as Transwestern Securities Management, L.L.C. by Transwestern Investment Company, L.L.C. (TIC), James Kammert and Reagan Pratt. TIC is a private real estate investment firm. Kammert and Pratt have been since inception and continue to be our portfolio managers. On December 31, 2010, HS Securities Holdings, LLC purchased for cash the 60% ownership interest in the firm from TIC making our principals HS Securities Holdings, LLC, Kammert and Pratt.

HS Securities Holdings, LLC is a Delaware limited liability company formed to acquire and own the 60% (controlling) membership interest in HSS. The controlling members and managers of HS Securities Holdings, LLC are Christopher Merrill, Christopher Galvin and Michael Galvin. HS Securities Holdings, LLC has appointed Christopher Merrill to the board of managers of HSS. Currently, Christopher Galvin and Michael Galvin are private investors.

- B. *Describe the types of advisory services you offer.*

We are focused on the management of portfolios of publicly traded real estate-related securities of North American domiciled companies, on behalf of institutional clients and high-net worth individuals. Real estate securities include shares of publicly traded REITs, any real estate development or operating company or any real estate management company including, without limitation, any company that is in the business of developing, owning, operating or managing hotels and casinos, apartment buildings or complexes, self-storage facilities, residential communities, office buildings, communication towers and convenience stores. All of the securities in which we invest are of companies that are based in the United States or Canada. We advise our clients on building, managing and trading a portfolio of real estate securities. We do not purchase or sell for our client's accounts derivatives, nor do we engage in short selling of real estate securities.

- C. *Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.*

We manage on an exclusive basis the North American real estate portfolio for a non-U.S. investment company. We work within the investment objectives and investment restrictions set by this client in using our discretionary authority to buy and sell real estate securities for its portfolio.

If requested by a separate account or sub-advisory client, we will adhere to its investment objectives and investment restrictions. We also will work with separate account and sub-advisory clients to develop investment objectives and restrictions which may include specific security and sub-sector restrictions and appropriate benchmarks.

- D. *If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.*

HSS does not currently participate in wrap fee programs.

- E. *If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date "as of" which you calculated the amounts.*

As of December 31, 2010, we managed \$352,037,356 in discretionary client assets in three accounts. We do not manage any non-discretionary client assets.

Item 5. Fees and Compensation

- A. *Describe how you are compensated for your advisory services.
Provide your fee schedule. Disclose whether the fees are negotiable.*

HSS offers investment management services through separate accounts, sub-advisory relationships and pooled investment vehicles (including our ALRA Fund).

Separate Accounts

HSS provides separate account investment management services to high net worth individuals and institutional investors. Management fees for separate account services range from 0.2% to 1.5% per annum, charged monthly or quarterly in arrears, depending on the types of services a client requires. In addition, HSS may charge a performance-based fee for eligible clients ranging from 0% to 20% of the net investment growth in a client's account on a quarterly or annual basis. Please note that lower management fees are typically accompanied by higher incentive fees and vice versa. We deduct our fees from our client's accounts. Our separate account management fees are negotiable.

Sub-Advisory Relationships

HSS provides sub-advisory services to other investment managers, primary through pooled investment vehicles managed by such investment managers. Management fees for sub-advisory services may range from 0.2% to 1.5% per annum, charged monthly or quarterly in arrears, depending on the types of services a client requires. In addition, HSS may charge a performance-based fee for eligible clients ranging from 0% to 20% of the net investment growth in the sub-advised account over an agreed upon benchmark index payable on a quarterly or annual basis. Please note that lower management fees are typically accompanied by higher incentive fees and vice versa. Currently, we bill our sub-advisory management fees monthly or quarterly in arrears. A sub-advisory client is also expected to reimburse us for any travel related expenses that we incurred in performing services to the client.

The ALRA Fund

Fees and Expenses

HSS receives a monthly management fee ("Management Fee"), in arrears in an amount equal to 0.65% per annum of the net asset value ("NAV") of each investor's capital account in the ALRA Fund as of the end of each

calendar month (1/12 of 0.65% is charged as of the end of each calendar month). We deduct our fees from the investors' accounts.

There is no sales charge and no performance-based compensation associated with investing in the ALRA Fund. The ALRA Fund generally bears the costs and expenses associated with its operations, including investment expenses. The ALRA Fund is responsible for its ongoing direct administrative professional expenses (such as audit, tax return preparation, accounting and legal fees), its transaction expenses (such as brokerage commissions), miscellaneous expenses (such as regulatory and filing fees), custodial fees and any extraordinary expenses it may incur. The organizational costs and expenses of the Fund, including its initial offering expenses were borne by HSS.

HSS may agree to a different Management Fee arrangement in respect of any investor in the ALRA Fund, or waive or reduce the Management Fee in respect of any investor, in its sole discretion.

Liquidity

An investor in the ALRA Fund may generally withdraw all or any part of the balance of its capital account as of the last business day of any month upon not less than one month prior written notice to HSS, provided that the capital sought to be withdrawn had been invested in the ALRA Fund no less than six months as of the effective date of such withdrawal.

More complete information about the ALRA Fund can be found in the Confidential Private Placement Memorandum for the Fund, copies of which are available from HSS.

B. *Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.*

Management fees for separate accounts and sub-advisory relationships are charged monthly or quarterly in arrears. Management fees for the ALRA Fund are deducted monthly in arrears. Separate accounts and sub-advisory relationships are billed monthly or quarterly based on client preference and the amount of assets under management.

- C. *Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.*

Client accounts are subject to brokerage fees, regulatory fees, transaction costs, custodian fees and other costs and expenses, regardless of whether the account realizes any profits. We make commercially reasonable efforts to minimize these costs. For some separate accounts and for the ALRA Fund, we have a custodian arrangement with Goldman Sachs Execution and Clearing (GSEC) to hold client securities and cash assets. GSEC charges brokerage fees associated with our use of their REDI trading platform. We also have an arrangement with Grace Financial Group which serve as an introducing broker for our real estate securities transactions. Grace Financial Group provides additional reporting for separate accounts and the ALRA Fund and acts as the liaison with GSEC. More detailed information is available in this brochure under Item 12, Brokerage Practices.

- D. *If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.*

We do not charge clients in advance.

- E. *If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.*

Not applicable.

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

If you or any of your supervised person accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.

We manage our client accounts on both an asset-based fee (percentage of assets basis) and on a combined asset-based fee plus performance-based fee basis. HSS will charge performance based fees only to those clients who are “qualified clients” as defined in Rule 205-3 under the Advisers Act. A “qualified client” is generally an entity or individual (including assets held jointly with spouse) that has a net worth in excess of \$1,500,000.

When an investment manager is responsible for both asset-based fee accounts and performance-based fee accounts, a conflict of interest can arise in allocating purchases and sales among the client accounts from the incentive to allocate the lowest purchase prices and the highest sales prices to the performance-based fee accounts. Where we determine that two or more accounts (including proprietary accounts) should participate in a specific purchase or sale of a security, we will generally aggregate such orders and if the aggregate client orders are not fully filled, we allocate the securities purchased or proceeds realized on a rotational basis. We will generally allocate the results of such orders first to client accounts on a rotational basis and then allocate the remainder to any proprietary accounts. However, HSS reserves the right to allocate on a non-rotational (e.g. pro rata or specific allocation) basis where the circumstances justify such action. If the purchase or sale order is fully satisfied over the course of a trading day, the purchase price per share and sales proceeds will be allocated among the affected accounts on a per-share average basis.

In addition, since HSS generally has full investment discretion in trading its clients’ accounts, it may have an incentive to allocate what it believes

to be more desirable investment opportunities to those accounts that will generate a higher fee for HSS. We will not knowingly favor any account over another in allocating investment opportunities. However, this does not mean that each client account will participate in every investment opportunity. Depending on the relevant account's investment objectives and risk profile, an account may or may not participate in any specific opportunity.

Item 7. Types of Clients

Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

We are focused on the management of portfolios of publicly traded real estate-related securities of North American domiciled companies on behalf of institutional clients and high-net worth individuals. High net worth individuals may contract for our services as the manager of a separate account or invest as a member of ALRA Fund.

We currently impose a minimum investment on separate accounts of \$5,000,000. We may raise or lower the minimum investment from time to time in our discretion.

We currently impose a minimum investment on sub-advisory relationships of \$50,000,000. We may raise or lower the minimum investment from time to time in our discretion.

HSS typically imposes a minimum investment in the ALRA Fund of \$250,000; however, we may from time to time in our sole discretion admit investors to the ALRA Fund who invest less than \$250,000. HSS may raise or lower the minimum investment in the ALRA Fund from time to time in its discretion.

Membership interests in the ALRA Fund are offered directly by HSS only to investors who are “accredited investors” as defined in Rule 501(a) of Regulation D (“Regulation D”) under the Securities Act of 1933, as amended (the “Securities Act”).

An individual is an “accredited investor” if (i) he or she has either a net worth, individually or jointly with a spouse, in excess of \$1,000,000 exclusive of home, furnishings and automobiles, or an annual income in the two most recent calendar years and a reasonable expectation in the current year in excess of \$200,000 individually or \$300,000 jointly with a spouse or (ii) an entity with a net worth in excess of \$5,000,000.

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

- A. *Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.*

Methods of Analysis and Investment Strategies

We are focused on the management of portfolios of publicly traded real estate-related securities of North American domiciled companies on behalf of institutional clients and high-net worth individuals.

HSS uses a four-step bottom-up stock selection process. The first step involves a proprietary cross-sectional relative cash flow multiple analysis. The second step involves a comparison of current stock prices with estimated net asset values of the companies being analyzed. The third step is an evaluation of the companies' management, and the fourth step involves calculating an estimated warranted share price that takes into account the first three steps. Our belief is that stock selection drives investment return by recognizing price inefficiencies. Fundamental, proprietary research leads to our independent, non-consensus valuations, and positions us to allocate capital according to what we believe to be the best return/risk profile given the client's investment objectives and restrictions. Top-down portfolio construction controls risk. Risk controls are designed to ensure that HSS allocates capital according to the preferred return/risk profile within the chosen strategy. Control variables include position size limits, property sector, geographic, industry and interest rate exposures.

Our strategy is to have our clients' accounts fully invested in securities at all times. We do not manage cash in our portfolio construction process. Thus, our sell discipline is based, in part, upon identifying securities to be purchased so that substantially all of the cash is always invested in securities.

We invest only in long positions. We do not purchase, sell or create derivatives or sell securities short.

Risk of Loss

General Investment Risk - All trading in securities and other financial instruments involves substantial risk of loss (potentially resulting in

rapid declines in market prices and significant losses) arising from any number of factors that are beyond HSS control such as: changing market sentiment; changes in industrial conditions, competition and technology; changes in inflation, exchange or interest rates; changing domestic or international economic or political conditions or events; changes in tax laws and governmental regulation; and changes in trade, fiscal, monetary or exchange control programs or policies of governments or their agencies (including their central banks). Changes such as these, as well as innumerable other factors, are often unpredictable and unforeseeable, rendering it difficult or impossible to predict or foresee future market movements.

Strategy Risk - Our strategy involves the acquisition of particular securities that we believe are undervalued and the sale of securities when we believe that they are exceeding relative value. The success of the long positions established pursuant to HSS strategy depends in large part on our ability to accurately assess the fundamental value of the securities and the company assets and business. An accurate assessment of fundamental value depends on a complex analysis of a number of financial factors. No assurance can be given that HSS will be in a position to assess the nature and magnitude of all material factors having a bearing on the value of the Fund's positions, or that we will accurately assess the impact of all factors of which it is aware.

We attempt to control strategy risks by imposing position minimums and maximums, maintaining an approximately 80% balance of the client's portfolio within the major property types included in the chosen benchmark index, and limiting the amount of the client's portfolio that can be invested in companies outside of the chosen benchmark.

Institutional Risk - Clients are subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses.

Custodial Risk - Financial institutions such as broker-dealers and banks will have custody of the Client's assets. We have engaged Goldman Sachs Execution and Clearing (GSEC) as custodian of the ALRA Fund assets and we have encouraged our clients to engage GSEC as custodian of their separate account assets. We have and will work with qualified custodians other than GSEC that are selected by, and acceptable to, our clients. Often assets held in custodial accounts will not be registered in the Client's name. Financial difficulty, fraud or misrepresentation by custodian institutions could impair the operational capabilities or capital position of the client.

Small and Medium Capitalization Company Risk - At least 30% of a client's portfolio will be invested in securities of large capitalization

companies. HSS may invest client assets in public real estate companies with small to medium-sized market capitalizations. While we believe that these companies often provide significant profit opportunities, we recognize that smaller-capitalized companies involve higher risks in some respects than do investments in larger companies.

Illiquid Instrument Risk - HSS expects that substantially all of a client's investments will be in the form of securities that are traded on organized exchanges or are actively traded in the over-the-counter market. Nevertheless, these markets may have, or could develop, limited liquidity and depth. This lack of depth could be a disadvantage, both in the execution of orders at desired prices and in the ability to close out open positions.

- B. *For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.*

Please see item 8.A for a more thorough description of material risks.

HSS client accounts are actively managed and may involve frequent trading. Active management may result in increased brokerage, transaction costs, fees and taxes. Frequent trading may have an adverse effect on investment performance due to these additional costs. HSS currently manages all client accounts without regard to tax considerations.

- C. *If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.*

General Real Estate Risks – Real estate, like many other types of investments, historically has experienced significant fluctuation and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of the Client's investments. The value of the Client's investments will depend on many factors beyond our control, including, without limitation: changes in general economic or local conditions; changes in supply of or demand for competing properties in an area; changes in interest rates; the financial condition of buyers, sellers and tenants of property; changes in real estate tax rates and other operating expenses; energy and supply shortages; various uninsured or uninsurable risks; natural disasters; changes in the

character of a company's assets; changes in dividend distribution rates; and changes in company management.

Please see item 8.A for a more thorough description of material risks.

Item 9. Disciplinary Information

If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Not applicable to HSS.

Item 10. Other Financial Industry Activities and Affiliations

- A. *If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.*

Not applicable to HSS.

- B. *If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.*

Not applicable to HSS.

- C. *Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.*

Our 60% owner, HS Securities Holdings, LLC, is an affiliate of Harrison Street Real Estate Capital (HSRE). HSRE is a Chicago-based real estate investment management firm that currently operates three private investment funds. HSRE owns interests in approximately \$2.4 billion in real estate assets, including operating properties and projects under development. Its funds hold investments in, and are focused on investing in student housing, seniors housing and self storage, among other sectors of the real estate industry. We obtain general real estate market and economic information from HSRE and we share back office and administrative personnel with HSRE. Christopher Merrill, a member of our board of managers and investment policy committee, is a principal and officer of HSRE. Stephen Gordon, our Chief Compliance Officer, is General Counsel to, and a principal of, HSRE. Neither Merrill nor Gordon is actively involved in the execution of our investment strategies or the management of client accounts. None of the funds sponsored by HSRE invest in publicly traded securities. However, an HSRE-sponsored fund may receive publicly traded securities in connection with the sale or other disposition of such fund's property holdings. The potential exists for material, non-public information to pass between HSRE and HSS. Procedural, physical and legal barriers have been put in place to

minimize the likelihood of such an event. More information is available to clients in the HSS Code of Ethics and Policies & Procedures Manual.

- D. *If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.*

Not applicable to HSS.

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

- A. *If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any client or prospective client upon request.*

We follow a Code of Ethics that is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (“Advisers Act”). A copy of our Code of Ethics is available to current and prospective clients upon request.

This Code establishes rules of conduct for all employees of HSS and is designed to, among other things, govern personal securities trading activities in the accounts of employees. In addition, our Code of Ethics includes safeguards designed to avoid conflicts of interests that could adversely affect our clients. In addition to requiring compliance with the applicable securities laws, our Code of Ethics establishes policies and procedures designed to prevent the misuse of material, non-public information (including information regarding our clients), and identifies activities that are either expressly prohibited or that require Chief Compliance Officer approval. Matters that could give rise to an appearance of impropriety, such as gift giving and solicitation, serving on boards of directors of public companies, and political contribution payments and solicitation also require prior approval by the Chief Compliance Officer.

The Code is based upon the principle that HSS and its employees owe a fiduciary duty to HSS' clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The Code is designed to ensure that the high ethical standards long maintained by HSS continue to be applied. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The excellent name and reputation of our firm continues to be a direct reflection of the conduct of each employee.

HSS and its employees are subject to the following specific fiduciary obligations when dealing with clients:

- The duty to have a reasonable, independent basis for the investment advice provided;
- The duty to obtain best execution for a client's transactions where HSS is in a position to direct brokerage transactions for the client;
- The duty to ensure that investment advice is suitable to meeting the client's individual objectives, needs and circumstances; and
- A duty to be loyal to clients.

B. *If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.*

Interested Transactions

No HSS access person shall recommend any securities transactions for a client without having disclosed his or her interest, if any, in such securities or the issuer thereof, including without limitation:

- any direct or indirect beneficial ownership of any securities of such issuer;
- any contemplated transaction by such person in such securities;
- any position with such issuer or its affiliates; and
- any present or proposed business relationship or transaction between such issuer or its affiliates and such person or any party in which such person has a significant interest, including, without limitation, HSRE and funds sponsored by HSRE.

C. *If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.*

We have adopted the following principles governing personal investment activities by our supervised persons:

- The interests of client accounts will at all times be placed first;

- All personal securities transactions will be conducted in such manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility; and
- Access persons must not take inappropriate advantage of their positions.

To best assure that clients' transactions have first priority, purchases and sales of publicly traded securities of real estate companies by our supervised persons and certain of their family members require pre-approval by our Chief Compliance Officer.

Specific, detailed procedures have been put into place by HSS to avoid any potential conflicts of interest. More information is available to clients in the HSS Code of Ethics and Policies & Procedures Manual. In this regard, purchasers of real estate securities by access persons and their family members must be deferred until all applicable client purchasers are completed, and all sales of real estate securities by access persons and their family members must be delayed until all applicable client sales are completed. The fund does not trade securities for its own account.

D. *If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.*

We have adopted the following principles governing personal investment activities by our supervised persons:

- The interests of client accounts will at all times be placed first;
- All personal securities transactions will be conducted in such manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility; and
- Access persons must not take inappropriate advantage of their positions.

To best assure that clients' transactions have first priority, purchases and sales of publicly traded securities of real estate companies by our supervised persons and certain of their family members require pre-approval by our Chief Compliance Officer. In this regard, purchasers of real estate securities by access persons and their family members

must be deferred until all applicable client purchasers are completed, and all sales of real estate securities by access persons and their family members must be delayed until all applicable client sales are completed. The fund does not trade securities for its own account.

Specific, detailed procedures have been put into place by HSS to avoid any potential conflicts of interest. More information is available to clients in the HSS Code of Ethics and Policies & Procedures Manual.

Item 12. Brokerage Practices

A. *Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).*

1. *Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.*

HSS, as a matter of policy and practice, does not have any formal or informal arrangements or commitments to utilize research, research-related products and other services obtained from broker-dealers or third parties on a soft dollar commission basis.

2. *Brokerage for Client Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.*

HSS does not encourage or solicit client referrals from broker-dealers.

3. *Directed Brokerage.*

HSS' policy and practice is to not accept advisory clients' instructions for directing a client's brokerage transactions to a particular broker-dealer.

Item 13. Review of Accounts

- A. *Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.*

All client accounts are reviewed on a daily basis prior to the market opening against the custodial reports to verify cash and securities positions. All client accounts are monitored intraday to maintain adherence to portfolio manager allocations. Portfolio meetings occur approximately bi-weekly and more frequently as dictated by market conditions.

- B. *If you review client accounts on other than a periodic basis, describe the factors that trigger a review.*

Not applicable.

- C. *Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.*

Written reports are provided to ALRA Fund members on a monthly basis. These reports include some combination of: market recap, investment performance, benchmark performance, individual account balance, and top portfolio holdings information.

Written reports to separate account and sub-advisory clients are based on client preference, but are never less frequent than quarterly. In addition, HSS investment management professionals are available to separate account and sub-advisory clients via telephone and email throughout the business day.

Item 14. Client Referrals and Other Compensation

- A. *If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.*

Not applicable to HSS.

- B. *If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.*

A referral agreement exists between Transwestern Investment Company, L.L.C., the former 60% owner of HSS, and HSS. The agreement provides compensation to TIC of a percentage of management fees received by HSS from any of a specific and limited list of TIC clients that may become clients of HSS. The agreement is in effect for a specific time period.

Item 15. Custody

If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.

HSS does not have custody of client funds or securities, with the exception of the right to withdrawal its management fees from the clients' accounts.

Item 16. Investment Discretion

If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

We manage all client accounts on a discretionary basis. Clients may limit discretion by including investment objectives and restrictions in their respective investment management agreements. Common limitations are choice of benchmark index, allowable weight of out-of-benchmark index securities, and types of out-of-benchmark securities.

Item 17. Voting Client Securities

- A. *If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.*

HSS has, as a matter of policy and as a fiduciary to our clients, responsibility for voting proxies for portfolio securities consistent with what we believe to be the best economic interests of the clients. Our firm maintains written policies and procedures as to the handling, research, voting and reporting of proxy voting and makes appropriate disclosures about our firm's proxy policies and practices. Our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records.

HSS, as a matter of practice, votes the securities held for the ALRA Fund and for separate accounts. Conflicts of interest with clients are resolved by application of the management agreement.

HSS, as a matter of practice, forwards recommendations for voting client securities to its sub-advisory clients who then vote the securities themselves. Conflicts of interest with clients are resolved by application of the management agreement.

- B. *If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.*

HSS, as a matter of practice, forwards recommendations for voting client securities to its sub-advisory clients who then vote the securities themselves.

Item 18. Financial Information

- A. *If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.*

Not applicable to HSS.

- B. *If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.*

HSS does not foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

- C. *If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.*

Not applicable to HSS.