

Part 2A of Form ADV: Firm Brochure



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This brochure provides information about the qualifications and business practices of Washington Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at 206-382-0825 or tvoll@wa-cap.com.

The information in this brochure has not been approved or verified by the United States Securities & Exchange Commission or by any state securities authority.

Additional information about Washington Capital Management, Inc. is also available on the Securities and Exchange Commission's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 105253.

Consistent with Securities and Exchange Commission (SEC) rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

New and/or updated information since our last annual Brochure, dated March 26, 2018, will be summarized in this Item.

- Effective April 20, 2018, Anthony Smith resigned from the company and was removed from the Reviewers for Securities Accounts in Item 13.
- Robert Kern joined the company April 23, 2018, as Portfolio Manager, High Yield and was added to the Reviewers of Securities Accounts in Item 13.
- Effective April 30, 2018, Lorrie Reiterman retired as Chief Financial Officer was removed as a Reviewer for Advisory Services Committee in Item 13 as of April 30, 2018.
- Effective April 30, 2018, Robert Kovecs, Director of Finance, assumed the responsibilities of the Chief Financial Officer.
- Effective July 2, 2018, the Reviewers for Advisory Services Committee in Item 13 added Joseph Versaggi, Paul Ravetta, and Thomas Fisher as members. Michael Russell was removed as a member.
- Gary Schwandt, Senior Vice President, retired on July 31, 2018.
- Joseph Versaggi was added to Reviewers of Real Asset Accounts in Item 13 effective September 12, 2018.
- Effective September 13, 2018, the Client Approval Committee was added as Reviewers for New Accounts in Item 13 to review and approve all new clients.
- Bruch Church, Fixed Income Portfolio Manager, retired on December 31, 2018, and was removed from Reviewers of Securities Accounts.
- Effective December 31, 2018, our Anchorage office was closed.
- Jan Sieberts, Director of Real Estate, retired January 1, 2019.
- On March 15, 2019, the Reviewers of Boston Real Estate Accounts in Item 13 was combined with the Reviewers of Real Estate Accounts. James Hummer and Russell Smith were removed from the Reviewers of Real Estate Accounts. Jennifer Ourada and Richard Leeret were added to Reviewers of Real Estate Accounts.

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Washington Capital Management, Inc. (“WaCap” or “we”) is an SEC-registered investment adviser with its principal place of business located in Washington. WaCap began conducting business in 1978.

Listed below are our principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Cory Carlson Chief Executive Officer & President

The following is a list of shareholders controlling 5% or more of the company.

- Mark Clifford Director of Real Estate
- Thomas Fisher Vice President, Portfolio Manager, Real Estate Debt
- Patrick Malley Senior Vice President, Portfolio Manager, Real Estate Equity
- Paul Ravetta Vice President, Director of Marketing
- Joseph Versaggi Senior Vice President, Real Estate

WaCap offers the following advisory services to our clients:

Portfolio Management

WaCap is a multi-strategy investment manager who offers strategies/portfolios in stocks, bonds, and commercial real estate (debt and equity), providing both commingled pooled accounts and separately managed accounts. We serve as an investment manager primarily for institutional accounts; such as pension and profit sharing plans, corporations, charitable organizations, and governmental entities. Institutional clients generally engage us as an investment adviser for one or more of our investment strategies, as determined by the client and us to be appropriate for the client. Portfolios are managed either based upon the investment guidelines of the specific pooled account, if the client invests in the pooled account, or the investment guidelines as agreed upon between the client and us, if the portfolio is a separately managed account.

We also manage separate account real estate equity and mortgage portfolios which invest in secured mortgage loans and income producing commercial real estate. Portfolios are managed in accordance with the client’s objectives and investment guidelines.

Our commingled pooled accounts are managed through the Washington Capital Joint Master Trust, a trust organized under the laws of the state of Washington and qualified and tax-exempt as a group trust under the provisions of IRS Revenue Ruling 81-100 (the “Trust”). We are the Trust’s discretionary investment manager. The Trust has established 5 separate investment funds or portfolios. The separate portfolios consist of a mid cap growth fund, a fixed income fund, a short term income fund, a mortgage income fund, and a real estate equity fund (each, a “Fund”). Under the Trust’s governing documents, each Fund is separately held, managed, administered, valued, invested, distributed, audited, accounted for, and otherwise dealt with as a separate entity. Only qualified pension plans are permitted to invest in the Trust. Each Fund is exempt from registration as an investment company under the Investment Company Act of 1940, and its interests are exempt from registration under the Securities Act of 1933 in reliance upon an exemption available to an issuer whose securities are not publicly offered. Washington Capital Management, Inc. manages each Fund on a discretionary basis in accordance with the terms and conditions of the Master Trust Document and each Fund’s investment guidelines.

In addition, we provide investment management services to individual clients based on the needs of the client. Through personal discussions in which goals and objectives based on an individual client’s particular circumstances are established, we assist the client in developing investment guidelines and manage a portfolio based on the client’s guidelines. During our information and data gathering process, we determine the client’s individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client’s prior investment history, as well as family or business composition and background.

We generally manage client accounts on a discretionary basis. Clients have the opportunity to place reasonable restrictions on the types of investments to be held in their separately managed accounts. Account supervision is guided by the client’s stated investment guidelines, investment policy statements, and tax considerations, if applicable. In some limited cases (primarily in a few separately managed real estate debt and equity accounts),

we manage client accounts on a non-discretionary basis, where the account requires client pre-approval of investment acquisitions or dispositions.

Once the client's portfolio has been established, we monitor and review the portfolio on an ongoing basis.

Our advisory services may include (but are not necessarily limited to) investments in the following:

- Exchange-listed securities, including Exchange Traded Funds and iShares
- Securities traded over-the-counter
- Foreign issuers
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States governmental securities
- Interests in partnerships investing in real estate
- Other private: commercial mortgages, real estate equity, bonds, and pooled funds

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability. To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

- send quarterly account reports to the client and any other party as the client directs us;
- maintain contact with clients to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to modify existing investment guidelines;
- be reasonably available to consult with the client; and maintain client suitability information in each client's file, if applicable.

Consulting Services

WaCap also offers some consulting services primarily related to real estate and economic consulting. Services may include, but are not limited to, such items as advice concerning investment strategy, policy statements, and asset allocation or advice on specific real estate transactions, investments or market analysis.

We also provide Qualified Professional Asset Manager (QPAM) services for clients that are employee benefit plans regulated by the Employee Retirement Income Security Act of 1974 ("ERISA"). WaCap is a QPAM within the definition set forth by the Department of Labor. Our net worth exceeds \$1,000,000 and institutional assets under management exceed the \$85 million minimum requirement. QPAM services may include, but are not limited to, the following:

- Assessing and resolving party in interest conflicts
- Evaluating and engaging external real estate service providers
- Asset management
- Property acquisition
- Property disposition
- Development/redevelopment
- Property appraisal
- Valuation
- Client reporting

Amount of Managed Assets

As of 12/31/2018, we were actively managing \$4,914,924,000 of clients' net assets on a discretionary basis and actively managing or loan servicing \$375,077,000 of clients' net assets on a non-discretionary basis. In addition, as of 12/31/2018, we were also providing QPAM services, overseeing client portfolios totaling \$550,032,000 of

commingled private real estate equity, real estate debt, and infrastructure funds managed by external managers. Total firm assets under management include both discretionary and non-discretionary accounts managed and serviced including equity, fixed income, net real estate equity, and real estate debt assets. The amount of these net assets will differ from “regulatory assets under management” as reported in our Form ADV Part 1.

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FEES & COMPENSATION

Portfolio Management Fees

WaCap has a different fee relationship with clients depending on the nature of the investment management services, the date the advisory relationship commenced, and the assets committed to both the investment program and in total to us. Fees are generally based on the market value of assets under management (whether managed as a separate account or in one or more Funds).

Our advisory fees are negotiable and may be subject to minimums. We may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee rate. Client fees may differ from proposed fee schedules. Current proposed fee schedules (shown as annual percentage rate based on assets under management tiers) are as listed below.

Institutional Accounts

Mid Cap Growth Equity	First \$10 million	0.80%
	Next \$15 million	0.70%
	Thereafter	0.60%
Core Fixed Income	First \$20 million	0.30%
	Next \$30 million	0.25%
	Next \$50 million	0.15%
	Thereafter	0.05%
Core-Plus Fixed Income	First \$20 million	0.35%
	Next \$30 million	0.30%
	Next \$50 million	0.20%
	Thereafter	0.10%
High Yield Fixed Income	First \$20 million	0.45%
	Next \$30 million	0.40%
	Next \$50 million	0.30%
	Thereafter	0.20%
Intermediate Fixed Income	First \$20 million	0.30%
	Next \$30 million	0.25%
	Next \$50 million	0.15%
	Thereafter	0.05%
Limited Maturity Fixed Income	First \$25 million	0.25%
	Next \$75 million	0.20%
	Thereafter	0.05%
Mortgage Real Estate Accounts*		0.50%
Equity Real Estate Accounts		1.00%
<i>Non-Institutional, Individual Accounts</i>		1.00%

Such fees are generally payable quarterly in arrears, billed at the end of each calendar quarter, and computed upon the value of the assets as of the last day of the calendar quarter. If during the calendar quarter assets are added or withdrawn, the fee may be prorated based on the number of days managed during the quarter. Fees are payable in arrears for new clients.

We generally bill the client directly at the end of each quarter. The client may, by proper written authorization, request that the fees be paid out of the investment account. In this situation, we will bill the custodian of the investment account directly with a copy of the fee billing also sent to the client. The custodian, in this case, will deduct the fees from the account and send payment to us.

Other Fees (Real Estate)

**Mortgage Loan Fees*

WaCap also receives, as an additional fee, up to forty percent (40%) of all loan fees collected from mortgagors whose mortgages become assets of the commingled mortgage account. Such additional fee is intended to compensate us for our services in connection with the origination, underwriting, administration and closing of mortgage loans. All loan fees paid by mortgagors of the commingled account shall be deposited in the commingled account. Upon closing of a mortgage (or such earlier time as a loan fee is earned and collected from a mortgagor), an amount up to forty percent (40%) of the loan fee earned and collected shall be paid by the custodian/trustee of the commingled account to us and the remaining sixty percent (60%) shall be income of the commingled accounts.

Separately Managed Real Estate Equity and Mortgage Accounts

Clients participating in separately managed accounts may be charged various fees (such as loan fees or servicing fees as discussed below) in place of or in addition to the advisory fee charged by our firm. These fees, as well as advisory fees, are individually negotiated and may vary substantially from fees charged under pooled fund arrangements. Portfolio management fees may be based upon the cost or value of the assets in the client's separate account portfolio under management; additionally, a portion of the portfolio management fee may be based upon the amount of third-party financing. These fees may be billed either monthly or quarterly in arrears. Negotiated fees may also include performance based fees. (Please see Item 6.)

The fee payable to WaCap for originating, managing, processing, and documenting loans for separately managed mortgages on behalf of clients (excluding servicing fees) shall typically range, as negotiated, from 0.5% to 3.0% maximum of the total amount of each loan or 40% of the amount of any loan fee paid by borrower to client, whichever is the lesser. Our fee shall be payable within 30 days after receipt of a written billing from us but in no event prior to close of any transaction.

Investment management and/or loan servicing fees related to separately managed real estate mortgages typically range from 0.25% to 1.0% per annum and may be billed on either the outstanding principal balance of the mortgage or the total fair value of the mortgage account as negotiated. Fees in some cases are deducted from interest collected on a monthly basis and in other cases billed directly to the clients monthly.

Consulting Services

Fees charged for consulting services are negotiated and may be hourly or fixed fees. Hourly fees are generally billed monthly and are payable within 30 days. Fixed fees are generally due upon the completion of the work. WaCap does not have a standard fee schedule for consulting services.

Fees for QPAM services are based on the type of service being provided and are negotiated with each client. WaCap does not have a standard fee schedule for QPAM services. Fees vary depending on the nature and scope of services to be provided and may be hourly, fixed, or based on the value of the assets or square footage of leases under management. Fees are billed based on the terms of the QPAM agreement and are payable within 30 days.

General Information

Limited Negotiability of Advisory Fees

Although WaCap has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances, and needs will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, and reports, among other factors. The specific annual fee schedule will be identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

Termination of the Advisory Relationship

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice or per the terms of the investment advisory agreement. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

Terminations of investments in our commingled strategies are subject to the terms and redemption requirements of the master trust documents. Investments in real estate debt and real estate equity strategies are further subject to liquidity limitations.

Mutual Fund Fees

All fees paid to WaCap for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Additional Fees and Expenses

In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Grandfathering of Minimum Account Requirements

Pre-existing advisory clients are subject to our minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our minimum account requirements will differ among clients.

ERISA Accounts

We are deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to ERISA. As such, we are subject to specific duties and obligations under ERISA and the Internal Revenue Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, we may only charge fees for investment advice about products for which we and/or our related persons do not receive any commissions or 12b-1 fees or, conversely, investment advice about products for which we and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset our advisory fees.

Advisory Fees in General

Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

We believe all material conflicts of interest which could cause WaCap or any of its employees to not render unbiased and objective advice have been disclosed to our clients in writing.

ITEM 6

PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

Performance-based fees may also be negotiated with the Adviser's institutional clients. Such fees are only paid after negotiated performance hurdles have been met. Performance-related fees are structured to comply with the applicable requirements of the Investment Advisers Act of 1940 (e.g., Section 205 and rules and regulations thereunder). When this type of fee is paid, disposition fees are generally not paid.

ITEM 7

TYPES OF CLIENTS

WaCap provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Banking or thrift institutions
- Pooled investment vehicles
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above
- State or municipal government entities
- Taft-Hartley Health & Welfare, Training Trust, and Cash Management Accounts

A minimum of \$1,000,000 of assets under management or \$10,000 in annual fees is generally requested for this service. Minimum account size or account fees may be negotiable under certain circumstances.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

Methods of Analysis

WaCap manages portfolios with various investment strategies. The following methods of analysis may be used in formulating our investment advice and/or managing client assets:

Fundamental Analysis

We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the security.

Technical Analysis

We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly managed or financially unsound company may underperform regardless of market movement.

Quantitative Analysis

We use methods of data analysis and statistical modeling in an attempt to quantify and/or forecast characteristics such as expected returns, volatility, price trends, and risk exposures of securities and to verify/identify statistical relationships between securities, asset classes, and macroeconomic variables.

Statistical conclusions can never be completely certain; results can only be estimated to a reasonable level of confidence. Modeling relies on assumptions about the structure of the underlying data. This presents a risk that model results could be weakened or invalidated as the characteristics of markets change.

Risks for All Forms of Analysis

Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Investment Strategies

WaCap uses the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

- *Real Estate Debt & Equity Portfolios*

We manage a pooled real estate debt portfolio through the Trust that invests primarily in a diversified portfolio of quality private, commercial mortgage loans, and marketable securities. The strategy objective is to provide stable current income growth by investing in a diversified portfolio of commercial mortgages secured by different property types across the United States including Alaska and Hawaii. The portfolio is invested in construction, permanent, or construction-permanent combination loans to finance both development opportunities and existing properties. We seek to diversify the mortgage investments by: location; real estate product type; and loan type, amount, and terms. Loans are generally secured by first lien mortgages/deed of trusts, with some exceptions as allowed for in the applicable investment guidelines.

We also offer a commingled real estate equity portfolio through the investment of pension fund assets in private equity real estate opportunities. Our objective is to provide current income and long term capital growth by investing in a diversified portfolio of properties across the United States including Alaska and Hawaii. The strategy invests in equity and equity-like positions in real estate. We seek development and value-added opportunities, some of which may be retained after reaching stabilization. We also acquire seasoned properties that offer current income and the opportunity for value appreciation. The portfolio seeks to diversify across property type, location, investment size, development and redevelopment status. The fund invests in both single and multitenant properties and in both seasoned and development projects. Under special circumstances, the fund will invest in specialized projects.

The pooled portfolios in the Trust are available only to qualified pension and retirement accounts, are highly illiquid, and are subject to redemption provisions.

- *Stocks (Equity Portfolios)*

We manage growth and value portfolios on both a separate account or pooled account basis.

Our growth equity investment portfolio includes top-down analysis of global macroeconomic trends and bottom-up analysis of stock-specific fundamentals. Our goal in recognizing investment opportunities is to identify companies that we believe have strong fundamentals and which are involved in the global growth trends we identify during our top-down research.

In our top-down review of global growth trends, we seek to identify multi-year growth trends that result from new regulations, new technologies, long-term supply and demand imbalances, or other drivers that may change the way companies do business. We review demographic trends, new and potential technologies, available resource trends, economic reports from various regions and countries, as well as a multitude of research products and opinions regarding the future of sectors, industries, countries, and international regions. We then attempt to identify opportunities for long-term growth within investible sectors of the U.S. economy.

Our bottom-up stock analysis consists of seeking out companies that have strong fundamentals: strong revenue growth opportunities, company specific factors that will allow the target company to improve their margins and increase earnings growth, ample resources to fund growth, ample cash balances, limited debt, and management teams with a track record of successfully growing businesses.

We look for investments that we believe have long growth trajectories, and purchase stocks with the expectation that the growth drivers will remain in place for a company for at least three years. Our philosophy is to buy stocks that we expect to own in excess of 12 months, though that goal may not be met, depending on market conditions or changes in the outlook for a specific stock.

Our large cap value portfolios are accounts which may include stocks, bonds, ETF's, and cash reserves; however, the strategy emphasizes stock market investing. Generally speaking, risks and rewards will be broadly similar to those for U.S. stock and investment grade bond markets. Our large cap stock selection strategy is a "classic" value strategy. Classic strategies emphasize absolute present and future valuation, which differs from relative valuation strategies that seek to find cheaper assets relative to other asset prices. The idea is to invest in assets which are cheap to absolute or intrinsic valuation factors and to sell at much higher prices.

- *Bonds (Fixed Income Portfolios)*

We have developed portfolios which focus on fixed income investments and manage portfolios across the full range of maturity spectrums: short cash management, limited maturity, intermediate maturity, core, core-plus, and high yield. We believe that non-treasury products offer investors the opportunity to add incremental returns versus government securities over various interest rate cycles. As such, our fixed income investment process seeks to add value by overweighting non-treasury securities. We manage these fixed income portfolios on both a separate account or pooled account basis. Ultimately, these portfolios are managed relative to a client's specific investment guidelines, objectives, and benchmark.

Our client portfolios are invested across the entire spectrum of investment grade securities with an emphasis on corporate credits. We also manage client portfolios which invest in below-investment grade securities. We generally limit high yield investments to Ba or B equivalent rated categories. Portfolio duration is generally limited to +/- 20% of a client's benchmark, and sector exposure limits are actively maintained to provide the opportunity to add value while controlling risk.

Our fixed income investment process combines top-down macro research with rigorous, bottom-up fundamental analysis in constructing client portfolios. At the macro-level, we evaluate interest rate volatility, identify sectors that we believe are likely to outperform and determine appropriate portfolio duration. Our bottom-up analysis includes performing independent, exhaustive fundamental research and identifying those corporate sectors and issuers which we believe have the potential to offer excellent relative value opportunities. For securitized issues, we seek to identify bonds offering predictable and stable cash flows to minimize duration shift in the portfolio.

Our fixed income portfolios are typically overweight corporate credits. We believe the yield advantage offered by these securities adds incremental returns over interest rate cycles. Our universe of eligible securities begins with those securities that are rated as investment grade by at least one credit rating agency at the time of purchase. In some instances, our fixed strategies can allocate to corporate credits that are rated as below-investment grade at time of purchase. Our corporate security review process is made efficient by the use of proprietary screening models to filter the corporate universe on a number of factors. At the security level, our research process focuses on fundamental research with the goal of identifying superior performers across the maturity and quality spectrum.

Lastly, within the fixed income portfolios, we typically also maintain exposure to securitized products. We recognize the diversification advantage and income benefits securitized bonds may offer relative to government securities. Our sector research begins with an analysis of interest rate volatility to identify which part of the curve we believe offers the best return potential. We employ a relative value analysis at the security level by comparing portfolio candidates with existing securitized bonds and credits on a risk/return basis.

- *Long-Term Purchases*

When utilizing this strategy, we purchase securities with the idea of holding them in the client's account for a year or longer. Typically, we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

- *Short-Term Purchases*

When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

- *Trading*

We may purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

Risk of Loss

Securities and real estate investments are not guaranteed, and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

In addition to the overall risk of loss, additional risks may exist in various investment strategies. A discussion of these potential risks follows.

- *Real Estate Mortgage Strategy Risks*

Interest Rate Risk. Interest rates can change on a day to day basis. Current interest rates also serve as the discount rate for any future cash flows generated from mortgage investments. In essence, the value of a mortgage will change as interest rates fluctuate. This value change can cause mortgage income investments to have unrealized losses, or unrealized gains, from changes in interest rates. Generally, an increase in interest rates is due to an increase in the expected future inflation rate in the economy.

Prepayment Risk. Investments in mortgages will entail prepayment or convexity risk. Generally speaking, as interest rates decline, mortgage values should increase as the projected future cash flows are now discounted by a lower interest rate. However, lower interest rates can entice borrowers to refinance their mortgages. Hence, mortgage holders (i.e. lenders) risk the possibility that borrowers may elect to repay loan principal before the loan maturity date, and may receive the loan principal at par or with a prepayment premium, depending on the original loan documentation and the timing of the prepayment. This generally limits the price appreciation of mortgages under a declining rate environment to reflect the possibility of prepayment. As such, in a declining interest rate market, mortgages may not rise in value at the same proportion as other fixed income investments that have no prepayment risk.

Conversely, as interest rates increase, the value of a mortgage might decline faster than other fixed income investments. As interest rates increase, mortgagees (borrowers) have less of an incentive to prepay their mortgages and investors (lenders) will more likely receive principal and interest payments over the original loan term. With future cash flows now discounted over the full contractual time period and at a higher rate than mortgages' contractual rates, the value of the mortgages will decline.

Credit and Default Risk. Investments in mortgages secured by income producing properties entail credit risk. Credit risk is the risk that a borrower will fail to make interest and principal payments and is measured not only by a borrower's ability to pay but also its intent to make these payments in a timely manner. In the event that a borrower defaults on the mortgage, we, on behalf of our clients, would have to foreclose on the borrower or take a deed in lieu of foreclosure; thereby becoming an owner of the secured property instead of a lender. In that event, we would generally seek to position the property for sale when feasible and most advantageous to the fund (or client, for a separate account).

Cost Risks on Construction Loans. On development and redevelopment projects, there may be cost overruns due to unanticipated expenses, poor workmanship, or poor execution. To manage this risk, project costs are

analyzed, budgeted and reviewed by third party construction experts, and, in some instances, an affiliate of the borrower is required to provide a completion guarantee.

Illiquidity Risk. Although cash flow from mortgage payments may be available to provide some liquidity, investments in private commercial real estate loans should be considered highly illiquid and may not be appropriate investments for clients which have short term or liquid investment objectives.

- *Real Estate Equity Strategy Risks*

Cost Risks on Development or Redevelopment Properties. There may be cost overruns due to market pricing increases, labor and material shortages, unanticipated expenses, poor workmanship, or poor execution. Purchasing property prior to completion of development and construction, investing in proposed development or redevelopment projects, or making equity-like loans relating to properties under development or redevelopment, is subject to greater risks than investing in completed properties with operating histories. To manage this risk, project development costs are analyzed, budgeted and reviewed by third party construction experts. In some instances, the developer or an affiliate may be asked to provide a cost guarantee.

Market Risks. Properties are subject to competition from existing or recently constructed buildings. To manage this risk, underwriting takes into consideration known and anticipated competition.

Economic Risks. Property performance and value will be impacted by changes in the economy. Real estate values may increase or decrease over time. Valuation metrics may change as perceived risk, investor confidence or relative performance of alternative asset classes change. To manage these risks, our investment underwriting focuses on cash flow, and investments are generally diversified by property type, location, and life cycle stage.

Leasing Risks. The strategy considers the degree of leasing or, in the case of development projects, preleasing in place at the time of the investment. However, given certain conditions, investments may be made without leasing. Investment projects may include build-to-suits, expansions of existing leased properties, and, possibly, speculative developments within permitted property types. If such properties do not get leased when completed, or if vacancies increase in previously leased operating properties, income from the properties will decrease resulting in lower income returns, which may also impact appraisal valuations.

Leverage Risks. The portfolios may utilize third party debt to acquire, refinance or develop individual properties or the portfolio as a whole. Third party debt secured by individual properties will generally not exceed 65% of the current MAI appraised value at the time the debt is obtained or 65% of acquisition price if debt already exists on a new acquisition, and an updated appraisal is not ordered at the time the property is acquired. Leverage is utilized with the goal of enhancing returns on the portfolio, but leverage may also increase risk. Leverage may also amplify negative appreciation when property values fall, especially in periods of economic downturns, if property income is insufficient to service the debt or if property values fall. Use of leverage will subject an investment to risks normally associated with debt financing, including the risk that cash flow will be insufficient to meet required payments of principal and interest, the risk that indebtedness on investments will not be able to be refinanced at maturity, or the risk that the terms of such refinancing will not be as favorable as the terms of the existing indebtedness. As debt is typically valued monthly to reflect changes in the market interest rates, there exists risk the portfolio may incur unrealized valuation losses associated with loan valuations in a declining interest rate environment.

Illiquidity Risk. Although cash flow from real estate equity property income may be available to provide some liquidity, investments in commercial real estate equity should be considered highly illiquid and may not be appropriate investments for clients have short term or liquid investment objectives.

- *Growth Equities Risks*

We invest only in equities traded on U.S. exchanges, so our products are not diversified over multiple asset classes. If the U.S. equity market declines significantly, we expect that our products will also decline in value.

Although we strive to invest in acceptably liquid shares, we may invest in small cap companies, which can have limited liquidity and in which liquidity availability can change over time. In a market where shares become less available, it may not be possible to sell shares without lowering the price of the investment.

Our analysis of the global growth trends may not come to fruition and growth may not continue in the trajectory that we originally expected. Slowing growth may cause the value of certain of our investments to decline.

Our analysis of the growth opportunity or the financial strength of a particular company may be incorrect, causing the value of the investment to decline.

Management teams for the companies we may invest in, from time to time, may be erroneous or dishonest about their predictions for the firm's future growth, in a way that we may not be able to independently identify. Any change in the company's expected outlook may be detrimental to the value of the investment.

- *Value Strategy Risks*

Generally speaking, risks and rewards will be broadly similar to those for the U.S. stock and investment grade bond markets. In the past, the U.S. stock market has experienced huge losses. Bonds can also experience prolonged periods of underperformance, especially in times of inflation.

An important additional risk relates to our investment team. Over time, there have been periods of underperformance. Since investment professionals are human and the future is unknowable, there is risk of future periods of underperformance.

Value strategies emphasize present and future valuation factors and issues. The idea is to invest in assets which are cheap to valuation factors and to sell at much higher prices. Cheap stocks are cheap for a reason and can get cheaper or stay cheap if problems persist or worse yet, grow. Prices are set in the market place by a wide range of participants who may not agree with the conclusions of the portfolio manager, and, thus, the expected appreciation may not materialize.

Asset allocation and other asset weightings are set by the portfolio manager's estimate of the future with monies shifted from low return expectation areas to those with superior prospects. Once again, the manager may be wrong, or the market place may not follow the manager's conclusions.

Risk is managed by diversifying the portfolio. This is generally effective, but there are periods in which all assets fall, so it does not always work. Sometimes investments are more interrelated than they appear, and so diversification may be overestimated. The manager also tries to build a margin of error into his estimates, which may or may not be sufficient. Finally, the value portfolio manager is biased toward risk aversion, recognizing that losses may have a bigger impact than superior returns. This bias may not be adequate to protect asset values in a difficult market environment.

- *Fixed Income Risks*

Interest Rate Risk. Interest rates can change on a day to day basis. Interest rates also serve as the discount rate for any future cash flows generated from a bond investment. In essence, the price of a bond can change on a daily basis as interest rates fluctuate. This daily price movement can cause fixed income investments to have unrealized losses from changes in interest rates. If the security is sold before the final maturity date, then there is also the potential to incur realized losses if the interest rate on the sale date is higher than the original purchase date. Generally, an increase in interest rates is due to an increase in the expected future inflation rate in the economy.

Convexity Risk. Investments in mortgage-type securities will entail prepayment or convexity risk. Generally speaking, as interest rates decline, bond prices should increase as the cash flows are now discounted by a lower interest rate. However, lower interest rates can entice mortgage holders to refinance their mortgages. Hence, mortgage bond holders might receive their investments back ahead of the maturity date and will receive the principal at par. This pricing property generally caps the price appreciation of mortgage securities under a declining rate environment.

Conversely, as interest rates increase, the price of a mortgage bond might decline faster than other fixed income investments. As interest rates increase, mortgage bond holders have less of an incentive to prepay their mortgages and investors will now have a longer time period to receive their principal payments. With more future cash flows now discounted by a longer and higher interest rate, the price of the mortgage bond will decline more than other fixed income investments that have no prepayment risk.

Credit Risk. Investments in credit bonds entail credit risk. Credit risk is the risk that a borrower will fail to make interest and principal payments and is measured not only by an issuer's ability but also its intent to make these payments in a timely manner. The higher the credit risk of a particular issuer, the more yield investors will demand to own the bond. The increase in this yield premium will lower the price of the bond, all else being equal. Conversely, investors who purchase bonds from borrowers in good standing and with solid credit histories will accept less yield to own the bond, resulting in a higher price.

ITEM 9

DISCIPLINARY INFORMATION

WaCap is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. At this time, we do not believe there is any litigation which is material to our securities investment responsibilities. We have in the past, are currently, and may in the future be involved in legal proceedings particularly in the area of real estate investing, generally as a result of enforcing the terms of leases and/or commercial mortgage loans held as investments as well as property related incidents.

ITEM 10

OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

- Certain management personnel of WaCap are also officers of various limited liability companies or incorporated entities formed to hold real estate equity or debt investments within our client real estate portfolios. These personnel do not earn any additional compensation for these duties, which are performed as part of their investment management responsibilities at WaCap.
- Cory A. Carlson, management personnel of WaCap, is related through common ownership and control to Milestone Company, an asset management company formed to create and package limited partnerships (or similar pooled investment vehicles hereinafter referred to as "entities") for investment purposes. Cory A. Carlson acts as general partner or manager of these entities.

Advisory clients of our firm are not solicited to invest in these entities. A potential conflict of interest could occur if investments which Milestone Company is pursuing would also be potential investment opportunities for the clients of WaCap. We have adopted a policy to address this conflict, whereby investments over \$5 million made by Milestone will be reviewed for conflict with our portfolio investments and will be approved or disapproved by our Chief Compliance Officer or Chairman prior to investment by Mr. Carlson.

ITEM 11

**CODE OF ETHICS, PARTICIPATION OR INTEREST IN
CLIENT TRANSACTIONS & PERSONAL TRADING**

WaCap has adopted a Code of Ethics ("Code") which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

We owe a duty of loyalty, fairness, and good faith towards our clients and have an obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code.

A copy of our Code is available to our advisory clients and prospective clients. You may request a copy by email sent to tvoll@wa-cap.com or by calling us at 206-382-0825.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by our access persons. Among other things, our Code of Ethics also requires all employees to obtain the prior approval of any acquisition of securities

in a limited offering (e.g., private placement) or an initial public offering. The Code also provides for oversight, enforcement, and recordkeeping provisions.

Our Code of Ethics further includes a policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded in the Code and in our training that such information may not be used in a personal or professional capacity.

We and individuals associated with us are prohibited from engaging in principal transactions unless appropriate reviews, approvals, and disclosures are made.

We and individuals associated with us are prohibited from engaging in agency cross transactions. We are not a registered broker-dealer and do not have an affiliated broker-dealer.

Our Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Subject to pre-approval requirements noted below, we and/or our access persons may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm (as noted in the Code) that no access persons may knowingly purchase or sell any security prior to a transaction(s) being implemented for one or more client accounts, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory client accounts. Employees considered access persons are required to obtain pre-approval for transacting in reportable securities. Our access persons are generally not granted approval to transact in a security the same day the security is being transacted in any advisory client account.

WaCap is the sponsor of the Washington Capital Joint Master Trust, which is available only for eligible pension plans. We are the Investment Manager of the Funds within the Trust. We will devote to the Trust as much time as we deem necessary and appropriate to manage the Trust's business. We are not restricted from forming additional investment funds, entering into other investment advisory relationships, or engaging in other business activities, even though such activities may be in competition with the Trust and/or may involve substantial time and resources of our firm and our affiliates. Potentially, such activities could be viewed as creating a conflict of interest in that the time and effort of our management personnel and employees will not be devoted exclusively to the business of the Trust (including the Funds) but could be allocated between the business of the Trust and other of our business activities.

Investments in the Funds may be recommended to advisory clients for whom a pooled investment may be more suitable than would a separate advisory account managed by us. Clients who invest in the Funds are charged advisory fees based upon their assets under management within the Funds per their negotiated fee agreement with us.

To address actual or potential conflicts of interest with our clients, we have established the following policies and procedures for implementing our Code of Ethics to ensure we comply with our regulatory obligations and to provide our advisory clients and potential advisory clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of material non-public information.
3. It is the policy of our firm that no access persons employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of client accounts.
4. Our firm requires prior approval for any IPO or private placement investments by all employees of the firm. Access employees are required to obtain prior approval for reportable securities.

5. We maintain records of reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access persons"). These holdings are reviewed on a regular basis by our firm's Compliance Department.
6. We have established procedures for the maintenance of all required books and records.
7. Clients can decline to implement any advice rendered except in situations where our firm is granted discretionary authority.
8. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
9. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm upon hire. Annually thereafter, each of our supervised persons must acknowledge review of the Code of Ethics provided electronically on our Intranet.
10. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
11. Any individual who violates any of the above restrictions may be subject to termination or disciplinary action.

A copy of our Code is available without charge upon request.

ITEM 12

BROKERAGE PRACTICES

WaCap, as a matter of policy and practice, seeks to obtain best execution for client transactions at all times (i.e., seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances).

We utilize broker-dealers chosen on the basis of criteria such as their recent involvement in trading a specific security as well as their ability to execute quickly and professionally by accessing the electronic marketplace using algorithmic tools. Research ideas communicated to the portfolio management team are part of the criteria used to select a broker-dealer. We also utilize crossing networks and dark pools to effect the best combination of trading venues.

The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services which will help us in providing investment management services to clients. We may, therefore, use a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was effected.

As a matter of policy, we utilize research, research-related products, and other brokerage services on a soft dollar commission basis for those research products and services which assist us in our investment decision-making process. Consistent with seeking best execution for clients, we may direct brokerage transactions for clients' portfolios to brokers who provide research and execution services to us and, indirectly, to our clients. These services are of the type described in Section 28(e) of the Securities Exchange Act of 1934 and are designed to augment our own internal research and investment strategy capabilities. This may be done without prior agreement or understanding by the client (and done at our discretion). Research services obtained through the use of soft dollars may be developed by brokers to whom brokerage is directed or by third-parties which are compensated by the broker. Brokers who provide eligible research may also be compensated through commission sharing arrangements, whereby trades are directed to executing brokers and part of the commissions are credited to a commission sharing pool from which payments are made to the research brokers. Our soft dollar policy is to make a good faith determination of the value of the research product or services in relation to the commissions paid, but we do not attempt to put a specific dollar value on the services rendered or to allocate the relative costs or benefits of those services among clients, believing that the research we receive will help us to fulfill our overall duty to our clients. We may not use each particular research service, however, to service each client. As a result, a client may pay brokerage commissions that are used, in part, to purchase research services that are not used to benefit that specific client. Broker-dealers we select may be paid commissions for effecting transactions for our clients that exceed the amounts other broker-dealers would have charged for effecting these transactions if we determine in good faith that such amounts are reasonable in relation to the value of the

brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or our overall duty to its ('brokerage') discretionary client accounts.

Certain items which could be obtainable with soft dollars may not be used exclusively for either execution or research services. It is currently our policy to not obtain such "mixed-use" products or services with soft dollars. Should we obtain such products or services with soft dollars in the future, the cost of such "mixed-use" products or services will be fairly allocated, and we will make a good faith effort to determine the percentage of such products or services which may be considered as investment research. The portions of the costs attributable to non-research usage of such products or services will be paid by us to the broker-dealer or third party provider in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934.

When we use client brokerage commissions to obtain research or brokerage services, we receive a benefit to the extent that we do not have to produce such products internally or compensate third parties with our own money for the delivery of such services. Therefore, such use of client brokerage commissions results in a conflict of interest, because we may have an incentive to direct client brokerage to those brokers who provide research and services we utilize, even if these brokers do not offer the best price or commission rates for our clients.

Written discretionary authority for us to determine the broker-dealers to use and the commission costs that will be charged to our clients for these transactions is included in the investment advisory agreement with the client.

Products and services we obtain on a soft-dollar basis can include: data services including market data, price quotes for stocks and other investment vehicles, news services that provide information relevant to the financial markets, analytical data regarding our performance relative to our benchmarks, and quantitative analysis of our holdings, including valuation metrics, SEC filings, earnings data and information, and other information that may be relevant in making an informed investment decision. Other information we receive through soft dollar payments include research from brokerage firms regarding financial markets, technical analysis, and fundamental research. Fundamental research includes information about specific stocks, industries, sectors, and the broader market which may include primary analysis that we may use as one factor in our investment decision making. Soft dollar payment amounts may take into account the value provided by brokers who set up meetings for us with market or stock analysts or management teams that may be relevant to our investment process. Additionally, these payments may take into account value gained from our ability to attend certain broker sponsored conferences, which are forums where our analysts have meetings with, or listen to presentations by, management teams of companies we own or those in which we may, at some point, invest.

We will generally use block trades where possible and when advantageous to clients. Using block trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all client accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. We will typically aggregate trades among clients whose accounts can be traded at a given broker, and may rotate or vary the order of brokers through which it places trades for clients on any particular day. Our block trading policy and procedures are as follows:

1. Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with our order allocation policy.
2. The portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
3. The portfolio manager, in concert with the trading desk, must reasonably believe that the order aggregation will benefit and will enable us to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution.
4. Prior to entry of an aggregated order, an electronically written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.

5. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day will be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account or to avoid excessive ticket charges in smaller accounts.
6. Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
7. If the order will be allocated in a manner other than that stated in the initial statement of allocation, an explanation of the change must be provided to and approved by our Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
8. Our client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
9. Funds and securities for aggregated orders are clearly identified on our records and to the broker-dealers or other intermediaries handling the transactions by the appropriate account numbers for each participating client.
10. No client or account will be favored over another.

Our authority may be subject to client-imposed conditions, such as where the client restricts or prohibits transactions in certain types of securities. In addition, our authority may also be limited in cases where a client directs that securities transactions be effected through a specific broker-dealer which may result in us being unable to seek best price and execution by placing transactions with other brokers and dealers and may cause the client to forego benefits from savings on execution costs that might otherwise be obtained from aggregation of brokerage orders for clients.

ITEM 13

REVIEW OF ACCOUNTS

Portfolio Management Services

Reviews

Members of our Securities Investment Committee generally meet daily to report on and discuss top down macro economic and market trends, as well as to report on and review specific security holdings within the context of their role in client portfolios. The emphasis is on sharing of market and security information that would be relevant to the buy/sell decisions for specific securities and sectors. The Chief Investment Officer – Capital Markets and Portfolio Managers review client accounts to determine if the holdings in the aggregate are suitable to client needs. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. Accounts are monitored continuously by the portfolio managers.

Our Real Estate Investment Committee reviews specific real estate equity and mortgage loan holdings within the context of their role in client portfolios. The voting members of the Real Estate Investment Committee approve real estate investments, both debt and equity, for WaCap's commingled funds as well as separate client accounts in accordance with the Real Estate Investment Committee Operating Guidelines. The Chief Investment Officer - Real Estate and Portfolio Managers review client accounts to determine if the holdings in the aggregate are suitable to client needs. Portfolio managers continuously monitor the accounts, and the Real Estate Investment Committees review the accounts on an annual basis.

In circumstances where a separate real estate account may hold real assets that differ from the loan and equity real estate transactions which normally shall be reviewed by the Real Estate Investment Committee, our Real Asset Committee will review the appropriateness of transactions for suitability, risk, economics, and the history of the investment type. Examples of these types of transactions include, but are not limited to, transactions in real estate funds managed by other Investment Managers and infrastructure funds.

The Advisory Services Committee reviews and approves consulting, fiduciary/investment management, and/or QPAM services for new and current clients. The primary focus is on Taft-Hartley union-related entities that require third party investment management services due to ERISA and/or DOL regulations.

Our Client Service Committee reviews client accounts at least annually, with emphasis on the overall client relationship, including the client's assets under management, fee rates, compliance with investment objectives and guidelines, and any other pertinent information.

The Client Approval Committee reviews and approves all new clients. Potential new clients are reviewed for any relationship and/or compliance concerns.

Reviewers for Securities Accounts. Securities Investment Committee is comprised of:

- Michael S. Cheung.....Chief Investment Officer – Capital Markets
- Michael G. Russell..... Chairman, Senior Vice President & Economic Strategist
- Brian M. CanionPortfolio Manager, Equities
- Joyce L. Chiang Financial Analyst
- Kirk A. Force Quantitative Analyst
- Robert F. Kern Portfolio Manager, High Yield
- Kevin H. Loucks Senior Portfolio Manager, Fixed Income
- Stacie M. ScholzEquity Trader & Securities Administrator

Reviewers for Real Estate Accounts. Voting members of the Real Estate Investment Committee (REIC) are as follows:

- Cory A. CarlsonCEO, President & Chief Investment Officer - Real Estate
- Michael G. Russell..... Chairman, Senior Vice President & Economic Strategist
- Mark D. CliffordDirector of Real Estate
- Thomas G. Fisher.....Vice President, Portfolio Manager, Real Estate Debt
- Jenny C. Gage Vice President, Real Estate Manager, Asset Management Dept.
- Richard P. LeeretDirector of Real Estate
- Patrick S. Malley..... Senior Vice President & Portfolio Manager, Real Estate Equity
- Melvin C. Morgan..... Vice President, Asset Management
- Jennifer S. Ourada..... Vice President, Transition Manager
- Joseph A. Versaggi Senior Vice President, Real Estate

Reviewers for Real Asset Accounts. Voting members for the Real Asset Committee (RAC) are as follows:

- Cory A. CarlsonCEO, President & Chief Investment Officer - Real Estate
- Thomas G. Fisher.....Vice President, Portfolio Manager, Real Estate Debt
- Robert M. Kovecs Director of Finance
- David R. Littlefield Vice President, Special Projects
- Patrick S. Malley..... Senior Vice President & Portfolio Manager, Real Estate Equity
- Melvin C. Morgan..... Vice President, Asset Management
- Joseph A. Versaggi Senior Vice President, Real Estate
- Tracey L. Voll.....Chief Compliance Officer

Reviewers for Advisory Services Committee. Advisory Services Committee is comprised of:

- Cory A. CarlsonCEO, President & Chief Investment Officer – Real Estate
- Thomas G. Fisher.....Vice President, Portfolio Manager, Real Estate Debt
- Patrick S. Malley..... Senior Vice President & Portfolio Manager, Real Estate Equity
- Paul G. RavettaVice President, Director of Marketing
- Joseph A. Versaggi Senior Vice President, Real Estate
- Tracey L. Voll.....Chief Compliance Officer

Reviewers for All Accounts. Client Service Committee is comprised of:

- Cory A. Carlson CEO, President & Chief Investment Officer – Real Estate
- Thandi N. Clements Vice President, Marketing & Client Relations
- Robyn W. Grad Vice President, Marketing & Client Relations
- Charles R. Maki Vice President, Marketing & Client Relations
- Paul G. Ravetta Vice President, Director of Marketing
- Brian B. Welch Vice President, Marketing & Client Relations

Reviewers for New Accounts. Client Approval Committee is comprised of:

- Cory A. Carlson CEO, President & Chief Investment Officer – Real Estate
- Paul G. Ravetta Vice President, Director of Marketing
- Tracey L. Voll Chief Compliance Officer

Reports

In addition to the monthly statements and confirmations of transactions that clients receive from their custodians, we provide quarterly reports summarizing account performance, balances and holdings.

ITEM 14

CLIENT REFERRALS & OTHER COMPENSATION

WaCap does not currently pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. If we engage any Solicitor, we require the Solicitor to provide the prospective client with a copy of this Form ADV Part 2 (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by Solicitors are not increased as a result of any referral.

It is our policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Any arrangement we enter into with a Solicitor will be in compliance with applicable federal regulations. Any solicitation fee will be paid pursuant to a written agreement retained by both us and the Solicitor, and disclosure of the agreement is provided to the client prior to or at the time of entering into any investment advisory contract.

ITEM 15

CUSTODY

WaCap previously disclosed in the "Fees & Compensation" section (Item 5) of this Firm Brochure that we directly debit advisory fees from some or certain client accounts. As part of this billing process, the client and their custodian are advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian for a client account is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account reports directly to our clients on quarterly basis. We encourage our clients to carefully compare the information provided on these reports to ensure that all account holdings and values are correct and current.

For certain separate managed real estate accounts, WaCap has custody of certain client accounts because it acts from time to time as agent with signatory authority on bank accounts through which various payments, client real estate purchase and sale transactions are processed. Accordingly, the reported dollar amount of funds for which WaCap had custody in 2018 is (i) the average monthly month-end balances of bank accounts used to make payment and process real estate transactions for separately managed account clients and (ii) the average monthly balance for separately managed real estate mortgages. In the case of bank accounts for separately managed real estate mortgages, we use the average monthly balance because the funds in these accounts are generally disbursed in their entirety to clients prior to each month-end. For 2017, we reported the dollar amount of funds for which WaCap had custody as the aggregate amount of funds deposited during the calendar year into bank accounts for separately managed account clients to fund real estate transactions and make real estate-related payments. We believe the month-end bank account balances (for real estate transactions) and the average monthly account balances (for the separately managed real estate mortgages) averaged over the calendar year are a more accurate measure of the dollar amount of client funds for which we have custody.

We engage an independent public accountant to conduct an annual surprise examination. The Funds are also audited on an annual basis (for their fiscal years ending June 30) by an independent public accountant.

ITEM 16**INVESTMENT DISCRETION**

Clients generally hire WaCap to provide discretionary asset management services. With this discretionary authority, we transact on behalf of a client without contacting the client prior to each transaction to obtain the client's permission. Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security or real estate investment to buy or sell;
- determine the amount of the security or real estate investment to buy or sell; and/or
- determine the broker with which to place the buy or sell.

In some cases, we are required to first recommend the real estate broker to the client and obtain the client's approval.

Clients give us discretionary authority when they sign an Investment Management Agreement with our firm and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions. Changes require advance notice and generally an amendment to the Investment Management Agreement.

ITEM 17**VOTING CLIENT SECURITIES**

WaCap generally votes proxies on behalf of its client accounts. Our clients, however, may retain the right to vote proxies on their own by instructing us in writing to not vote proxies for securities held in their advisory account. We have retained Institutional Shareholder Services (ISS) to vote proxies on behalf of our clients subject to our review and approval. Approval is subject to reviewing the recommendations made by ISS and informing them if we would like a proxy voted in a different manner. ISS votes our proxies generally in accordance with Taft-Hartley (AFL-CIO compliant) or ISS Policy proxy voting guidelines. Taft-Hartley guidelines are the default policy. A client may request that we use Taft-Hartley or ISS Policy in proxy voting. New separately-managed accounts are provided with a form to select the proxy voting guidelines they would like us to follow.

We will approve proxies which we believe are in the best interests of our clients and in accordance with our established policies and procedures. We will retain or maintain access to all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If the head equity trader, our employee responsible for proxy voting, has a conflict of interest in voting a particular action, the vote would be brought to our Executive Committee for a voting decision.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting our CCO by telephone, email, or in writing. Clients may request, in writing, information on how proxies for its account were voted. Voting summaries are generally included in institutional separately-managed client's quarterly reports (if we vote a client's proxies). If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for its account(s), we will promptly provide such information to the client.

With respect to any client account that is subject to ERISA, we will vote proxies unless the plan sponsor reserves the right to vote proxies and advises us to not vote proxies on its behalf. To direct us to vote a proxy in a particular manner, clients should contact our head equity trader by telephone, email, or in writing.

We will neither advise nor act on behalf of a client to take lead action in legal proceedings involving companies whose securities are held in the client's account(s). We will make reasonable efforts to see that "Proofs of Claim" in class action settlements, for which we receive notice, are filed in a timely manner. "Proofs of Claim" are typically filed by the client's custodian.

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FINANCIAL INFORMATION

WaCap has no additional financial circumstances to report. Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement. We have not been the subject of a bankruptcy petition at any time during the past ten years.