

Security Capital Research & Management Incorporated

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This brochure provides information about the qualifications and business practices of Security Capital Research & Management Incorporated ("Security Capital" or the "Adviser"). If you have any questions about the contents of this brochure, please contact us at (312) 385-8300. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Security Capital, including a copy of the Adviser's Form ADV Part 1A, is also available on the SEC's website at www.adviserinfo.sec.gov.

Security Capital is registered as an investment adviser with the SEC. Such registration does not imply a certain level of skill or training.

ITEM 2
Material Changes

This brochure ("Brochure") dated March 31, 2021, contains the following material changes since it was last updated on March 27, 2020.

- Item 8.B - Material, Significant, or Unusual Risks Relating to Investment Strategies were updated as follows:
 - The "General Market Risk" disclosure was expanded to include additional risk factors beyond the control of the Adviser that can impact a client's investments, including but not limited to the risk of infectious disease pandemics, such as COVID-19.
 - The "Regulatory Risk" disclosure was updated to reflect revisions to the certain provisions of the Volcker Rule adopted in June 2020.
- Item 10.C - Material Relationships or Arrangements with Affiliated Entities, was updated to disclose the following:
 - The Adviser has a sub-advisory relationship with J.P. Morgan Alternative Asset Management for the management of a certain private domestic fund and a foreign registered fund. Additionally, certain of the Management Persons of the Adviser are also employees of J.P. Morgan Investment Management Inc.

For ease of reference, capitalized terms that are defined when first used in the Brochure are also set forth in the "Key Terms" section.

ITEM 3

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ITEM 4

Advisory Business

A. General Description of Advisory Firm

This Brochure relates to the investment advisory services offered by Security Capital Research & Management Incorporated ("Security Capital" or the "Adviser"). Security Capital is registered with the United States Securities and Exchange Commission ("SEC") as an investment adviser pursuant to the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Security Capital, together with 55I, LLC, Bear Stearns Asset Management Inc., Highbridge Capital Management, LLC, J.P. Morgan Alternative Asset Management, Inc., J.P. Morgan Investment Management Inc., JPMorgan Asset Management (Asia Pacific) Limited, JPMorgan Asset Management (UK) Limited, JPMorgan Funds Limited, each an SEC registered investment adviser, various affiliated foreign investment advisers and the asset management division of JPMorgan Chase Bank, N.A. ("JPMCB") comprise the Asset Management ("AM") business of J.P. Morgan Asset & Wealth Management ("JPMAMW"). J.P. Morgan Asset Management ("JPMAM") is the marketing name for the AM businesses of JPMorgan Chase & Co. and its affiliates worldwide ("JPMC"). JPMC is a publicly traded global financial services firm.

JPMorgan Asset Management Holdings Inc., which is a subsidiary of JPMC, owns all the common stock of Security Capital. Security Capital was incorporated in Delaware on December 30, 1996.

B. Description of Advisory Services

Security Capital is a boutique investment management company with an exclusive focus on investments in publicly traded real estate securities. Security Capital's four-member Portfolio Management Team ("PMT") makes all investment decisions. The PMT evaluates all real estate research, company specific analysis and recommendations presented by the Research and Analysis, and Market Strategy teams in order to identify investments that present the greatest opportunity to achieve the objectives of the specific strategy. The PMT members, Anthony R. Manno Jr., Kenneth D. Statz, Kevin W. Bedell, and Nathan J. Gear, together have a combined average of over 34 years of real estate and capital markets experience.

Security Capital's primary investment services include:

- Managing institutional separate accounts;
- Acting as sub-adviser to third party registered investment companies; and
- Acting as investment adviser to private funds.

C. Availability of Customized Services for Individual Clients

Security Capital typically makes investments for clients in accordance with written investment guidelines or other investment specific documentation for each advisory mandate. Investment services may be tailored for each client's specific needs and objectives, and typically include restrictions or limits on investments in certain securities or types of securities. Security Capital has procedures and controls to monitor compliance with each client's investment guidelines.

Where Security Capital is the investment adviser to a pooled investment vehicle, investment objectives, guidelines and any investment restrictions generally are not tailored to the needs of individual investors in those vehicles, but rather are described in the prospectus or other relevant offering document for the vehicle.

D. Wrap Fee Programs

Security Capital's investment advisory services are currently not offered through any bundled "wrap fee" programs ("Wrap Programs").

Model Delivery

Security Capital participates in non-discretionary model delivery programs. In these programs, Security Capital provides non-discretionary investment advice and recommendations to Sponsors ("Model Delivery Sponsors") through the provision of model investment portfolios. In these instances, Security Capital updates the model portfolio from time to time and provides the updated information to the Sponsor who generally has discretion as to how and when it will execute the model updates in client accounts. The Model Delivery Sponsors or other investment advisers appointed by them in turn utilize the model portfolios provided by Security Capital, as well as any corresponding updates to the model portfolio, either alone or together with other model portfolios, to manage accounts enrolled on the Sponsor's platforms. Typically, Model Delivery Sponsors retain investment discretion over the accounts enrolled in an investment strategy that is offered on a Model Delivery platform and Security Capital is responsible solely for providing its model portfolios to the Model Delivery Sponsors or their designees.

E. Assets Under Management

As of December 31, 2020, Security Capital had assets under management in the amounts set forth below:

Assets Under Management	U.S. Dollar Amount
Assets Managed on a Discretionary Basis	\$ 4,259,793,384
Assets Managed on a Non-Discretionary Basis	—
Total Regulatory Assets Under Management	\$ 4,259,793,384
Other Advisory Assets not included in Regulatory Assets Under Management	\$ 28,558,871
Total Assets Under Management	\$ 4,288,352,255

ITEM 5**Fees and Compensation****A. Advisory Fees and Compensation****Separately Managed Accounts**

Clients generally pay an investment advisory fee based on a percentage of the market value of the assets managed by the Adviser. Such fee is referred to as an asset-based fee. To the extent permitted under the Advisers Act, the Adviser also charges performance-based compensation with respect to certain strategies and products or as otherwise agreed with specific clients. For an additional discussion of performance-based compensation, please refer to Item 6.A, Performance-Based Fees, which addresses how performance-based compensation is calculated.

The Adviser's fee schedule may vary depending on the type of managed account and may, in certain circumstances, be subject to negotiation. The standard annual fee schedule for the most often utilized investment strategies is set forth below.

	<u>Assets Under Management</u>	<u>Fee as a % of Assets</u>
First	\$ 10,000,000	1.10%
Next	\$ 40,000,000	1.00%
Next	\$ 50,000,000	0.75%
Over	\$ 100,000,000	0.60%
Minimum investment: \$10,000,000		

Fee schedules are available upon request for other investment products, and strategies. Fees for products and strategies may be higher or lower than the standard fee schedule.

As described above, fees are negotiable. On occasion, the Adviser agrees to charge clients fees for advisory services that are lower than those set forth above or other fee schedules. In certain circumstances in which the Adviser or its Affiliates provide customized investment advisory services or other services in addition to investment advisory services, a higher fee schedule may apply. For certain strategies, the Adviser may charge a minimum annual asset-based fee or require a minimum AUM for managing an account. Accordingly, higher fees may also apply if an account's assets are below the minimum investment level indicated in the standard fee schedule. Variations in fees charged to clients can occur as a result of numerous factors including, negotiations and/or discussions that may include the particular circumstances of the investor, account size, investment strategy, account servicing requirements, the size and scope of the overall relationship with the Adviser and its Affiliates or certain consultants, or as may be otherwise agreed with specific clients on a case by case basis.

Model Delivery Programs

With respect to model delivery programs, the Adviser is paid an asset-based fee by the Sponsor in connection with the investment management services provided. The Adviser's investment management fee is calculated by the Sponsor as a percentage of the assets under management and is generally payable quarterly. Such compensation is 0.45% annually.

Registered Funds

Registered Funds Sub-Advised by the Adviser

The prospectus of each registered fund sub-advised by the Adviser sets forth the applicable fees and expenses.

Unregistered Funds

With respect to unregistered private funds managed by the Adviser, the applicable fees and expenses are set forth in the relevant offering or governing documents.

The private funds managed by the Adviser typically utilize an asset-based fee of 1% of the average invested assets of each fund. They do not currently charge performance-based compensation or "carried interest" though they may in the future.

In certain cases, investors pay fees outside the fund. Such fees are based on a separate fee agreement between the Adviser and/or its Affiliates and the applicable investor. Investors should refer to the offering documents of the relevant private fund or applicable fee agreement for further information with respect to fees.

B. Payment of Fees***Separately Managed Accounts***

For separate accounts, clients may elect to have the Adviser bill the client for the advisory fees incurred, or the client may instead agree to instruct its custodian to deduct advisory fees directly from the client's separate account. The Adviser typically charges fees after services have been rendered, at the end of each calendar quarter.

Model Delivery Programs

For model delivery programs, the Sponsor bills the clients or deducts fees from the client's accounts quarterly, and the Sponsor compensates the Adviser for its advisory services.

Registered and Unregistered Funds

A description of the calculation and payment of fees payable to the Adviser is set forth in the applicable prospectus, offering or governing document or fee agreement for the relevant fund. Clients should refer to such documents for further information with respect to fees.

C. Additional Fees and Expenses**General**

In addition to the advisory fees described above, clients may be subject to other fees and expenses in connection with Security Capital's advisory services.

Transaction Charges

Clients generally pay brokerage commissions, taxes, charges and other costs related to the purchase and sale of securities for a client's account. See Item 12, Brokerage Practices for additional information regarding the Adviser's brokerage practices.

Custody and Other Fees

Clients typically establish a custody account under a separate agreement with a custodian bank, and the client will incur a separate custody fee for the custodian's services. The custodian may be an Affiliate of the Adviser. If a client's account is invested in mutual funds or other pooled investment funds, including private funds, the client's account generally will bear its pro-rata share of the expenses of the fund, including custody fees.

Common Types of Expenses Related to Private Funds

Clients investing in private funds may either directly or through allocations by the Adviser, bear the following expenses:

- (i) All organizational and offering expenses;
- (ii) The costs, fees, or expenses, including any interest expenses, incurred in respect of any credit facility, including any subscription line credit facility;
- (iii) The costs, fees, or expenses of all brokers, accountants, tax advisers, administrators, lawyers, investment bankers, consultants, underwriters, auditors, valuation advisers, calculation agents and other professional advisers or experts who are engaged in relation to the operation of the fund or any investment;
- (iv) All costs, fees, or expenses associated with the preparation and filing of any combined or composite financial or tax return on behalf of the investors;

- (v) The costs, fees, or expenses of the investment advisory committee and any meetings thereof and other meetings of investors and the reasonable travel, lodging, dining and other expenses incurred by attending investment advisory committee meetings in person;
- (vi) The costs, fees, or expenses incurred in connection with making any filings with any governmental or regulatory authority;
- (vii) The costs, fees, or expenses incurred in threatening, making, defending, investigating or settling any claim, counterclaim, demand, action, suit or proceedings of any kind or nature (including legal and accounting fees and expenses, costs of investigation incurred in making, defending or settling any of the same);
- (viii) Insurance premiums (excluding any premiums for director and officer insurance and professional indemnity insurance in respect of any director, officer, or employee of the Adviser or any of its Affiliates in relation to such a person acting as a director, officer, or employee of any fund entity in relation to, or in connection with, the fund or any investment), claims and expenses, including the advancement thereof, and legal fees, disbursements, and governmental fees and charges associated therewith;
- (ix) The costs, fees, or expenses relating to marketing the fund to potential investors, including the costs, fees, or expenses associated with registering the fund for marketing in certain jurisdictions, any translations of the fund prospectus and constituent documents and any side letters with investors;
- (x) The costs, fees, or expenses relating to the establishment, operation, re-organization, termination, dissolution and/or liquidation of any fund entity, except to the extent that the constituent documents for any such entity provide to the contrary that any such costs, fees and expenses are to be borne by the investors in such entity;
- (xi) Any statutory or regulatory fees, if any, levied against or in respect of any fund entity, together with the costs incurred in preparing any such submission required by any tax, statutory, or regulatory authority or agency;
- (xii) Any taxation, fees, or other governmental charges levied against any fund entity and all expenses incurred in connection with any tax or regulatory audit, investigation, settlement, or review of any fund entity;
- (xiii) The costs, fees, or expenses incurred by each unaffiliated board (if any) including the reasonable travel, lodging, dining and other expenses for attending the annual, quarterly and other meetings thereof in person and the director fees of such directors;
- (xiv) The costs, fees, or expenses of the administrator, the custodian, the depository, or any other fund service providers who are engaged in respect of the operation of the fund (including Affiliates of the Adviser who provide such services);
- (xv) Reasonable out-of-pocket travel, lodging and similar expenses incurred by the Adviser, or any other JPMC entity or their respective directors, officers, or employees arising from the acquisition, ownership, operation or disposal of any investment (in the case of a proposed Investment, whether or not actually acquired, or in the case of an existing investment, whether or not actually disposed of) or other operation of the fund;
- (xvi) Any costs, fees, or expenses incurred to alter or modify the structure of the fund (including in order to comply with any anticipated or applicable regulation or law or to enable the fund to operate in a more efficient manner.

The foregoing examples of expenses related to private funds is not exhaustive and should not be taken to be inclusive of all costs, fees and expenses associated with or viewed as exclusive to such private funds.

For details on private fund expenses of the private funds advised by an Adviser, please refer to the offering documents for such funds.

D. Prepayment of Fees**Separately Managed Accounts**

The Adviser charges its advisory fee to institutional separately managed account clients on a quarterly basis; such fees are not paid in advance.

Model Delivery Programs

With respect to model delivery programs, Sponsors typically require that their fees be paid in advance. In such cases, the Sponsor will be responsible for refunds if participation in the model delivery program is terminated before the end of the billing period. Model delivery program clients should review the terms and conditions of the model delivery program or contact the Sponsor regarding arrangements for refunds of pre-paid fees.

Unregistered Private Funds

Unregistered private funds managed by the Adviser pay asset-based fees. These fees are not paid in advance.

E. Additional Compensation and Conflicts of Interest

Neither the Adviser nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

ITEM 6**Performance-Based Fees and Side-by-Side Management****A. Performance-Based Fees**

Clients of Security Capital pay various types of fees for investment advisory services. For example, institutional account fees may be determined on a fixed rate, sliding scale, or incentive basis. Most client accounts are charged fees based on a percentage of assets under management. Certain accounts are charged an incentive or performance-based fee together with, or in lieu of, an asset-based fee. Generally, performance-based fees are calculated on the appreciation of a client's assets or performance relative to a specified benchmark.

B. Side-by-Side Management and Potential Conflicts of Interest

Security Capital portfolio managers simultaneously manage accounts that are charged performance-based fees and accounts that are charged asset-based fees. The portfolio managers of these accounts utilize substantially similar investment strategies and invest in substantially similar assets for both account types. This portfolio management relationship is often referred to as side-by-side management. Accounts that pay performance-based fees reward the Adviser based on the performance in those accounts. As a result, performance-based fee arrangements likely provide a heightened incentive for portfolio managers to make investments that present a greater potential for return but which may also offer a greater risk of loss. On the other hand, compared to a performance-based fee account, the Adviser may engage in relatively safer investments when managing accounts that pay asset-based fees. The side-by-side management of accounts that pay performance-based fees and accounts that only pay an asset-based fee creates a conflict of interest because there is an inherent incentive for the portfolio manager to favor accounts with the potential to receive greater fees. For example, a portfolio manager will be faced with a conflict of interest when allocating scarce investment opportunities given the possibility of greater fees from accounts that pay performance-based fees as opposed to accounts that do not pay performance-based fees. To address these types of conflicts, Security Capital has adopted policies and procedures pursuant to which investment opportunities will be allocated among clients with similar strategies in

a manner that Security Capital believes is fair and equitable over time. For a detailed discussion of how Security Capital addresses allocation conflicts, please see Item 11.B, Conflicts of Interest Created by Contemporaneous Trading.

To further manage these potential conflicts of interest, the Adviser monitors accounts within the same strategy in an effort to ensure performance is consistent across accounts. For additional information regarding the Adviser's review process please see Item 13.A, Review of Accounts.

ITEM 7

Type of Clients

The Adviser primarily provides investment advisory services to institutional and retail clients, both U.S. and non-U.S. clients, including:

- Charitable and/or religious organizations
- Corporations
- Defined contribution and defined benefit pension plans
- Endowments and foundations
- Financial institutions
- Individuals
- Insurance companies
- Investment companies (including mutual funds and closed-end funds)
- Other Pooled investment vehicles (including private funds)
- State and local governments
- Nuclear decommissioning trusts
- Other trusts

Account Requirements

The Adviser has established minimum account requirements for certain client accounts, which vary based on the investment vehicle (separate account or fund), investment strategy, and asset class. In addition, a larger minimum account balance may be required for certain types of accounts that require extensive administrative effort. Minimums are subject to waiver in the Adviser's discretion. To open or maintain an account, clients are required to sign an investment advisory agreement with Security Capital that stipulates the terms under which Security Capital is authorized to act on behalf of the client to manage the assets listed in the agreement. In certain instances, Security Capital may also manage the assets of an Affiliate's clients and will receive from the Affiliate a portion of the fee or other compensation paid by the end client for such services. Under these circumstances, the client enters into an investment advisory agreement with the Affiliate and, in turn, the Affiliate delegates authority to Security Capital.

For certain types of private investment funds offered or managed by the Adviser, U.S. investors must generally satisfy certain investor sophistication requirements, including that the client qualifies as an "accredited investor" under Rule 501(a) of Regulation D under the Securities Act of 1933, as amended and a "qualified purchaser" within the meaning of section 2(a)(51) of the Investment Company Act of 1940, as amended (the "1940 Act").

ITEM 8**Methods of Analysis, Investment Strategies and Risk of Loss****A. Methods of Analysis and Investment Strategies**

Security Capital employs a bottom-up investment process combining active fieldwork, interaction with real estate company management, scrutiny of public filings, and detailed cash flow analysis. Security Capital's primary valuation tool is a five-year discounted cash flow model tailored to each company and the properties owned by that company. Security Capital's Research & Analysis team and Market Strategy team analyze the amount, predictability, volatility, transparency and sustainability of cash flow generated by a company and its properties, as well as its growth potential over an anticipated holding period. The investment process analyzes all investment opportunities using the same strict underwriting criteria, and on an ongoing basis, is used to monitor existing investment positions. All of the firm's research is conducted in-house. Security Capital's Portfolio Management Team directs all investment decisions and oversees the investment process.

This Item 8 includes a discussion of the primary risks associated with Security Capital's investment strategies. However, it is impossible to identify all the risks associated with investing, and the particular risks applicable to a client account will depend on the nature of the account, the investment strategy or strategies employed in the account and the types of securities held in the account. While the Adviser seeks to manage accounts so that risks are appropriate to the strategy, it is often impossible or not desirable to fully mitigate risks. Any investment includes the risk of loss, and there can be no guarantee that a particular level of return will be achieved. Clients should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses. Clients should carefully read all applicable informational materials and offering or governing documents prior to retaining the Adviser to manage an account or investing in any Security Capital Affiliated Funds. See Item 8.B, Material, Significant, or Unusual Risks Relating to Investment Strategies for additional information regarding investment risks.

Security Capital offers investment strategies with objectives across a risk-return spectrum, including: capital preservation, current income, index relative, targeted and return-seeking. Additionally, Security Capital considers ESG factors as part of the investment decision process for its strategies.

B. Material, Significant, or Unusual Risks Relating to Investment Strategies

The investment strategies utilized by the Adviser depend on the requirements of the client and the investment guidelines associated with the client's account. Each strategy is subject to material risks. An account or fund may not achieve its objective if the Adviser's expectations regarding particular securities or markets are not met.

Set forth below are some of the material risk factors that are often associated with the investment strategies and types of investments relevant to the Adviser's clients. This is only a summary. The information included in this Brochure does not include every potential risk associated with each investment strategy or applicable to a particular client account. Clients should not rely solely on the descriptions provided below. Clients are urged to ask questions regarding risk factors applicable to a particular strategy or investment product, read all product-specific risk disclosures and determine whether a particular investment strategy or type of security is suitable for their account in light of their specific circumstances, investment objectives and financial situation.

General Portfolio Risks

General Market Risk. Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions. Securities in any one strategy may underperform in comparison to general financial markets, a particular financial market or other asset classes, due to a number of factors, including inflation (or expectations for inflation), deflation (or expectations for deflation), interest rates, global demand for particular products or resources, market instability, debt crises and downgrades, embargoes, tariffs, sanctions and other trade barriers, regulatory events, other governmental trade or market

control programs, and related geopolitical events. In addition, the value of a strategy's investments may be negatively affected by the occurrence of global events such as war, terrorism, environmental disasters, natural disasters or events, country instability, and infectious disease epidemics or pandemics.

For example, the outbreak of COVID-19, a novel coronavirus disease, has negatively affected economies, markets and individual companies throughout the world, including those in which separately managed accounts and funds managed by Security Capital invest. The effects of this pandemic to public health and business and market conditions, including exchange trading suspensions and closures may continue to have a significant negative impact on the performance of the separately managed accounts and fund investments, increase separately managed account and fund volatility, exacerbate preexisting political, social, and economic risks to separately managed accounts and funds, and negatively impact broad segments of businesses and populations. The Adviser's operations may be interrupted as a result, which may contribute to the negative impact on investment performance. In addition, governments, their regulatory agencies, or self-regulatory organizations may take actions in response to the pandemic that affect the instruments in which a separately managed account or funds invest, or the issuers of such instruments, in ways that could have a significant negative impact on such account or fund's investment performance. The full impact of the COVID-19 pandemic, or other future epidemics or pandemics, is currently unknown.

Cyber Security Risk. As the use of technology has become more prevalent in the course of business, Security Capital has become more susceptible to operational and financial risks associated with cyber security, including: theft, loss, misuse, improper release, corruption and destruction of, or unauthorized access to, confidential or highly restricted data relating to Security Capital and its clients, and compromises or failures to systems, networks, devices, and applications relating to the operations of Security Capital and its service providers. Cyber security risks may result in: financial losses to Security Capital and its clients; the inability of Security Capital to transact business with its clients; delays or mistakes in materials provided to clients; the inability to process transactions with clients or other parties; violations of privacy and other laws; regulatory fines, penalties and reputational damage; and compliance and remediation costs, legal fees, and other expenses. Security Capital's service providers (including any sub-advisers, administrator, transfer agent, and custodian or their agents), financial intermediaries, companies in which client accounts and funds invest and parties with which Security Capital engages in portfolio or other transactions also may be adversely impacted by cyber security risks in their own businesses, which could result in losses to Security Capital or its clients. While measures have been developed that are designed to reduce the risks associated with cyber security, there is no guarantee that those measures will be effective, particularly since Security Capital does not directly control the cyber security defenses or plans of its service providers, financial intermediaries, and companies in which they invest or with which they do business.

Data and Information Risk. Although the Adviser obtains data and information from third party sources that it considers to be reliable, the Adviser does not warrant or guarantee the accuracy and/or completeness of any data or information provided by these sources. The Adviser does not make any express or implied warranties of any kind with respect to such data. The Adviser shall not have any liability for any errors or omissions in connection with any data provided by third party sources.

Regulatory Risk. Pending and ongoing regulatory reform may have a significant impact on the Adviser's investment advisory business.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank"), as amended, added Section 13 to the Bank Holding Company Act of 1956 (the "BHCA") and its implementing regulations (together the "Volcker Rule") under which a "banking entity" (including the Adviser and its Affiliates) is restricted from acquiring or retaining an equity, partnership or other ownership interest in, or sponsoring, a "covered fund" (which is defined to include certain pooled investment vehicles) unless the investment or activity is conducted in accordance with an exclusion or exemption. The Volcker Rule's asset management exemption permits a banking entity, such as the Adviser, to invest in or sponsor a covered fund, subject to satisfaction of certain requirements, which include, among other things, that a banking entity only hold a de minimis interest (no more than 3%) in the covered fund and that only directors and employees directly engaged in providing investment advisory or other qualifying services to the covered fund are permitted to invest. In addition, the Volcker Rule generally prohibits a banking entity from engaging in transactions that would cause it or its

Affiliates to have credit exposure to a covered fund managed or advised by its Affiliates; that would involve or result in a material conflict of interest between the banking entity and its clients, customers or counterparties; or that would result, directly or indirectly, in a material exposure by the banking entity to high-risk assets or high-risk trading strategies. These restrictions could materially adversely affect accounts that are, or are invested in, covered funds, because the restrictions could limit a covered fund from obtaining seed capital, loans or other commercial benefits from the Adviser or its Affiliates. As a result, the Volcker Rule impacts the method by which the Adviser seeds, invests in and operates its funds, including private equity funds and hedge funds.

In June 2020, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Company, and the Commodity Futures Trading Commission ("CFTC"), and the Securities and Exchange Commission adopted a final rule revising the Volcker Rule's provisions relating to covered funds, including modifying existing, and adopting new exclusions from the definition of "covered fund." The revised rule became effective on October 1, 2020. The ultimate impact of these revisions to the Volcker Rule, including whether the Adviser may seek to rely on these new exclusions with respect to existing funds or new funds will depend on, among other things, the investment strategy of the funds and development of market practice and standards. The Adviser may seek to restructure its funds to comply with applicable laws, rules and regulations, including, without limitation, the Volcker Rule. Any restructuring would be designed to enable the funds to carry out their investment objectives and otherwise accommodate the interests of investors in those funds as a whole, while complying with the Volcker Rule.

The Dodd-Frank Act and its implementing regulations impact the market for derivatives products regulated as "swaps" by the CFTC, "security-based swaps" by the SEC, or "mixed swaps" by both Commissions. Although much of the CFTC's regulatory regime has already been implemented, much of the SEC's regulatory regime is currently anticipated to take effect in 2021, and both regimes may be amended or expanded in the future. These developments may increase the cost of derivatives trading (whether through increased margin requirements, less favorable pricing, or other means), the eligibility of the Adviser and J.P. Morgan Affiliated Funds and client accounts to transact in such products, and the market availability of such products. As a result, the Adviser's management of funds and accounts that use and trade swaps and derivatives may be adversely impacted. Other jurisdictions outside the United States in which the Adviser operates may also adopt and implement regulations that could have a similar impact on the Adviser and the broader markets. These non-US regulatory regimes may also impact products not currently regulated under the Dodd-Frank Act.

Similarly, the Adviser's management of funds and accounts that use and trade swaps and derivatives may be adversely impacted by adopted changes to the Commodity Futures Trading Commission and other regulations. Other jurisdictions outside the United States in which the Adviser operates may also adopt and implement regulations that could have a similar impact on the Adviser and the broader markets.

Under the BHCA, if a fund were deemed to be controlled by the Adviser or an Affiliate, investments by such fund would be subject to limitations under the BHCA that are substantially similar to those applicable to JPMC. Such limitations would place certain restrictions on the fund's investments in non-financial companies. These restrictions would include limits on the ability of the fund to be involved in the day-to-day management of the underlying non-financial company and the limitations on the period of time that the fund could retain its investment in such company. In addition, the fund, together with interests held by JPMC, may be limited from owning or controlling, directly or indirectly, interests in third parties that exceed 5% of any class of voting securities or 25% of total equity. These limitations may have a material adverse effect on the activities of the relevant fund.

Foreign regulators have passed and it is expected that they will continue to pass legislation and changes that may affect certain clients. The Adviser may take certain actions to limit its authority in respect of client accounts to reduce the impact of regulatory restrictions on the Adviser or its clients.

In addition, there have been legislative, tax and regulatory changes and proposed changes that may apply to the activities of the Adviser that may require legal, tax and regulatory changes, including requirements to provide additional information pertaining to a client account to the Internal Revenue Service or other taxing authorities. Regulatory changes and restrictions imposed by regulators, self-regulatory organizations ("SROs") and exchanges vary from country to country and may affect the value of client investments and their ability to

pursue their investment strategies. Any such rules, regulations and other changes, and any uncertainty in respect of their implementation, may result in increased costs, reduced profit margins and reduced investment and trading opportunities, all of which may negatively impact performance.

Counterparty Risk. An account may have exposure to the credit risk of counterparties with which it deals in connection with the investment of its assets, whether engaged in exchange traded or off-exchange transactions or through brokers, dealers, custodians, and exchanges through which it engages. In addition, many protections afforded to cleared transactions, such as the security afforded by transacting through a clearing house, might not be available in connection with over-the-counter ("OTC") transactions. Therefore, in those instances in which an account enters into OTC transactions, the account will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and will sustain losses.

Liquidity Risk. Investments in some equity, preferred, convertible, debt and privately placed securities, structured notes, or other instruments may be difficult to purchase or sell, possibly preventing the sale of these illiquid securities at an advantageous price or when desired. A lack of liquidity may also cause the value of investments to decline and the illiquid investments may also be difficult to value.

Geographic and Sector Focus Risk. Certain strategies and funds concentrate their investments in a region, a small group of countries, an industry, or economic sector, and as a result the value of the portfolio may be subject to greater volatility than a more geographically or sector diversified portfolio. Investments in issuers within a country, state, geographic region, industry, or economic sector that experiences adverse economic, business, political conditions, or other concerns will impact the value of such a portfolio more than if the portfolio's investments were not so concentrated. A change in the value of a single investment within the portfolio may affect the overall value of the portfolio and may cause greater losses than it would in a portfolio that holds more diversified investments.

High Portfolio Turnover Risk. Certain strategies engage in active and frequent trading leading to increased portfolio turnover, higher transaction costs, and the possibility of increased capital gains, including short-term capital gains that are generally taxable as ordinary income.

Initial Public Offering Risk. IPO securities have no trading history, and information about the companies may be available for very limited periods. The prices of securities sold in IPOs may be highly volatile and their purchase may involve high transaction costs. At any particular time or from time to time, the Adviser may not be able to invest in securities issued in IPOs on behalf of its clients, or invest to the extent desired, because, for example, only a small portion (if any) of the securities being offered in an IPO may be made available to the Adviser. In addition, under certain market conditions, a relatively small number of companies may issue securities in IPOs. Similarly, as the number of purchasers to which IPO securities are allocated increases, the number of securities issued to the Adviser's clients may decrease. The performance of an account during periods when it is unable to invest significantly or at all in IPOs may be lower than during periods when it is able to do so. In addition, as an account increases in size, the impact of IPOs on the account's performance will generally decrease.

Primary Risks Applicable to Equity Investments

Real Estate Risk. There are certain risks associated with the development, construction and/or ownership of real estate and the real estate industry in general, including: the burdens of ownership of real property; local, national and international economic conditions (which may be adversely affected by industry slowdowns, decreases in government spending and changing government policies); the supply and demand of properties; the financial condition of tenants and buyers and sellers of properties; changes in interest rates and the availability of financing which may render the sale or refinancing of properties difficult or impracticable; labor costs; construction materials cost; changes in environmental laws and regulations, planning laws, fiscal and monetary policies and other governmental rules; environmental claims arising with respect to properties acquired with undisclosed or unknown environmental problems or with respect to which inadequate reserves have been established; changes in real property tax rates; changes in energy prices; negative developments in the economy that depress travel activity; uninsured casualties; force majeure acts, terrorist events, under-insured or uninsurable losses; and other factors that are beyond the reasonable control of the Adviser. In

addition, real estate assets are subject to long-term cyclical trends that contribute to significant volatility in values.

Many of these factors could cause fluctuations in occupancy rates, development costs, rent schedules, or operating expenses, causing the value of an investment to decline and negatively affect an investment's returns. The value of investments may fluctuate significantly due to these and other factors and may be significantly diminished in the event of a sudden downward market for real estate and real estate-related assets. The returns available from investments depend in part on the amount of income earned and capital appreciation generated by the relevant underlying properties, as well as expenses incurred in connection therewith. If properties do not generate income sufficient to meet operating expenses, including amounts owed under any third-party borrowings and capital expenditures, returns will be adversely affected. In addition, the cost of complying with governmental laws and regulations and the cost and availability of third-party borrowings may also affect the market value of and returns from real estate and real estate related investments. Returns would be adversely affected if a significant number of tenants were unable to pay rent or if properties could not be rented on favorable terms. Certain significant fixed expenditures associated with purchasing properties (such as third-party borrowings, taxes and maintenance costs) may stay the same or increase even when circumstances cause a reduction in returns from properties.

Real Estate Securities Risk. The value of securities issued by real estate companies in general, and Real Estate Investment Trusts (including Real Estate Operating Companies, together "REITs") in particular, are subject to the same risks as direct investments in real estate and mortgages, and their value will be influenced by many factors including the value of the properties owned by REITs and the loans and financing owed by REITs. The loans and financing of a REIT may be subject to the risks of default or of prepayments that occur later or earlier than expected and such loans may also include so-called "subprime" mortgages. The value of these securities will rise and fall in response to many factors, including economic conditions, the demand for the property sector from tenants or users of the building, interest rates and the management skill and creditworthiness of the issuer. In particular, the value of these securities may decline when interest rates rise and will also be affected by the real estate market and by the management of the underlying properties. The price of common equity issued by REITs may be more volatile and/or more illiquid than other types of equity securities.

Equity Securities Risk. Investments in equity securities (such as stocks) may be more volatile and carry more risks than some other forms of investment. The price of equity securities may rise or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries selected for a portfolio or the securities market as a whole, such as changes in economic or political conditions.

Growth Investing Risk. Growth investing attempts to identify companies that the Adviser believes will experience rapid earnings growth. Growth stock prices are generally much more sensitive to current or expected earnings. Short-term events, such as a failure to meet industry earnings expectations, can cause dramatic decreases in the growth stock price compared to other types of stock. Growth stocks may trade at higher multiples of current earnings compared to value or other stocks, leading to inflated prices and thus potentially greater declines in value.

Value Investing Risk. Value investing attempts to identify companies that are undervalued according to the Adviser's estimate of their true worth. The Adviser selects stocks at prices that it believes are temporarily low relative to factors such as the company's earnings, cash flow or dividends. A value stock may decrease in price or may not increase in price as anticipated by the Adviser if other investors fail to recognize the company's value or the factors that the Adviser believes will cause the stock price to increase do not occur.

Smaller Companies Risk. Certain strategies invest in securities of smaller companies. Investments in smaller companies may be riskier than investments in larger companies. Securities of smaller companies tend to be less liquid than securities of larger companies. In addition, small companies may be more vulnerable to economic, market and industry changes. As a result, the changes in value of their securities may be more sudden or erratic than in large capitalization companies, especially over the short term.

Because smaller companies may have limited product lines, markets or financial resources or may depend on a few key employees, they may be more susceptible to particular economic events or competitive factors than large capitalization companies. This may cause unexpected and frequent decreases in the value of an account's investments. Finally, emerging companies in certain sectors may not be profitable and may not realize profits in the foreseeable future.

Primary Risks Applicable to Fixed-Income, Liquidity and other Debt Investments

Interest Rate Risk. Fixed-income securities, including preferreds, convertible preferreds, convertible debt, senior unsecured debt and mortgage debt, increase or decrease in value based on actual and expected changes in interest rates. If actual or expected interest rates increase, the value of these investments generally decline. On the other hand, if rates fall, the value of these investments generally increase.

Securities with greater interest rate sensitivity and longer maturities generally are subject to greater fluctuations in value. Variable and floating rate securities are generally less sensitive to interest rate changes than fixed rate instruments, but the value of variable and floating rate securities may decline if their interest rates do not rise as quickly, or as much, as interest rates in general. Many factors can cause interest rates to rise. Some examples include central bank monetary policy (such as an interest rate increase by the Federal Reserve), rising inflation rates, and general economic conditions.

Credit Risk. There is a risk that issuers and/or counterparties will not make payments on securities and instruments when due or will default completely. Such default could result in losses. In addition, the credit quality of securities and instruments may be lowered if an issuer's or a counterparty's financial condition changes. Lower credit quality may lead to greater volatility in the price of a security or instrument, affect liquidity and make it difficult to sell the security or instrument. Certain strategies may invest in securities or instruments that are rated in the lowest investment grade category. Such securities or instruments are also considered to have speculative characteristics similar to high yield securities, and issuers or counterparties of such securities or instruments are more vulnerable to changes in economic conditions than issuers or counterparties of higher grade securities or instruments. Prices of fixed income securities may be adversely affected and credit spreads may increase if any of the issuers or counterparties to such investments are subject to an actual or perceived deterioration in their credit quality. Credit spread risk is the risk that economic and market conditions or any actual or perceived credit deterioration of an issuer may lead to an increase in the credit spreads (i.e., the difference in yield between two securities of similar maturity but different credit quality) and a decline in price of the issuer's securities.

Equity Investment Conversion Risks. A non-equity investment, such as a convertible debt obligation or convertible equity, may convert to an equity security. Alternatively, equity securities may be acquired in connection with a restructuring event related to non-equity investments. An investor may be unable to liquidate the equity investment at an advantageous time from a pricing standpoint.

C. Risks Associated with Particular Types of Securities

See Item 8.B for a summary of the risks associated with certain types of securities and asset classes.

ITEM 9

Disciplinary Information

A. Criminal or Civil Proceedings

The Adviser has no material civil or criminal actions to report.

B. Administrative Proceedings Before Regulatory Authorities

Security Capital serves as the investment adviser to an affiliated private fund, Preferred Growth LLC, and its subsidiary, Preferred Growth Incorporated (together, "PG"). Security Capital was and is responsible for making all beneficial ownership filings for PG. Prior to November 2009 PG had beneficial ownership of less than 10% of the registered class of common stock of a certain Issuer. In November 2009 PG became a greater than 10% beneficial owner of the Issuer solely due to share repurchases by the Issuer that resulted in a decrease in the number of its outstanding shares of common stock, and consequently a passive increase in PG's percentage interest (although the amount of its holdings did not change). Between October 2010 and April 2011 Security Capital failed to file on a timely basis multiple required reports of transactions in the securities of the Issuer that Security Capital executed on behalf of PG at times when PG held a beneficial interest in more than 10% of the Issuer's registered class of common stock. Security Capital made all of the required corrective filings on April 18, 2011. On September 10, 2014, notwithstanding this corrective action, the SEC found that Security Capital was a cause of violations of Section 16 (a) of the Securities Exchange Act and Rule 16a-3 thereunder by PG. The SEC entered a cease and desist order and imposed an \$88,000 civil money penalty. Security Capital cooperated with the SEC's investigation and consented to the entry of the SEC's order without admitting or denying the findings.

C. Self-Regulatory Organization Proceedings

The Adviser has no material SRO disciplinary proceedings to report.

ITEM 10**Other Financial Industry Activities and Affiliations****A. Broker-Dealer Registration Status**

Security Capital is not a registered broker-dealer; however, some of Security Capital's "Management Persons" (as defined in Key Terms) are registered with the Financial Industry Regulatory Authority ("FINRA") as representatives of J.P. Morgan Institutional Investments Inc. ("JPMI"), an affiliated broker-dealer, if necessary or appropriate to perform their responsibilities.

B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor Registration Status

Although Security Capital is not registered with the Commodity Futures Trading Commission or a member of the National Futures Association ("NFA"), certain of Security Capital's Management Persons are registered with the NFA as associated person of an affiliated commodity trading advisor.

C. Material Relationships or Arrangements with Affiliated Entities

The Adviser has certain relationships or arrangements with related persons that are material to its advisory business or its clients. Below is a description of such relationships and some of the conflicts of interest that arise from them. The Adviser has adopted policies and procedures reasonably designed to appropriately prevent, limit, or mitigate conflicts of interest that may arise between the Adviser and its Affiliates. These policies and procedures include information barriers designed to prevent the flow of information between the Adviser and certain Affiliates, as more fully described below. For a more complete discussion of the conflicts of interest and corresponding controls designed to prevent, limit or mitigate conflicts of interests, please see Item 11.B, Participation or Interest in Client Transactions and Other Conflicts of Interest.

*Broker-Dealer**J.P. Morgan Institutional Investments Inc.*

JPMII, an Affiliate, serves as placement agent for certain private investment funds managed by the Adviser. Typically, JPMII does not receive any placement fees directly from the funds or its investors. A description of the placement agent services and compensation, if any, payable to JPMII by the funds is set forth in the offering documents for the relevant fund. The Adviser benefits from the placement agency services provided by JPMII as they increase the assets upon which the Adviser's fees are based.

Other Investment Advisers, Commodity Pool Operators, and Commodity Trading Advisors

The Adviser has relationships that are material to its investment management business with the following affiliated investment advisers: J.P. Morgan Investment Management Inc. ("JPMIM") and J.P. Morgan Alternative Asset Management Inc. ("JPMAAM"). These affiliated investment advisers are also registered with the NFA as Commodity Pool Operators and Commodity Trading Advisors. The Adviser has a sub-advisory relationship with JPMAAM for the management of a certain private domestic fund and a foreign registered fund. Additionally, certain of the Management Persons of the Adviser are also employees of JPMIM.

Banking or Thrift Institution

JPMorgan Chase & Co., the Adviser's parent company is a public company that is a bank holding company registered with the Board of Governors of the Federal Reserve System (the "Federal Reserve"). JPMorgan Chase & Co. is subject to supervision and regulation by the Federal Reserve and is subject to certain restrictions imposed by the BHCA and related regulations. For a more complete discussion of the BHCA's restrictions that may apply to the Adviser's activities please refer to Item 8.B, Material, Significant, or Unusual Risks Relating to Investment Strategies - General Portfolio Risks - Regulatory Risk.

JPMorgan Chase Bank, N.A. is a national banking association affiliated with the Adviser. JPMCB is subject to supervision and regulation by the U.S. Department of Treasury's Office of the Comptroller of the Currency. JPMCB is also an Exempt Commodity Pool Operator and Exempt Commodity Trading Adviser with the CFTC. JPMCB provides custody services to a JPMorgan Affiliated Fund.

Certain functions, such as human resources, legal, compliance, IT and risk management, are provided through AM and/or JPMC as shared functions.

Considerations Relating to Information Held by the Adviser and Its Affiliates

JPMAM maintains various types of internal information barriers and other policies that are designed to prevent certain information from being shared or transmitted to other business units within JPMAM and within JPMC more broadly. The Adviser relies on these information barriers to protect the integrity of its investment process and to comply with fiduciary duties and regulatory obligations. The Adviser also relies upon these barriers to mitigate potential conflicts, to preserve confidential information and to prevent the inappropriate flow of material, non-public information ("MNPI") and confidential information to and from the Adviser, and to other public and private JPMC lines of business. MNPI is information not generally disseminated to the public that a reasonable investor would likely consider important in making an investment decision. This information is received voluntarily and involuntarily and under varying circumstances, including, but not limited to, upon execution of a non-disclosure agreement, as a result of serving on the board of directors of a company, serving on ad hoc or official creditors' committees and participation in risk, advisory or other committees for various trading platforms, clearinghouses and other market infrastructure related entities and organizations. The Adviser's information barriers include: (1) written policies and procedures to limit the sharing of MNPI and confidential information on a need to know basis only, and (2) various physical, technical, and procedural controls to safeguard such information.

As a result of information barriers, the Adviser generally will not have access, or will have limited access, to information and personnel in other areas of JPMC, and generally will not manage the client accounts and

funds with the benefit of information held by these other areas. There may be circumstances in which, as a result of information held by certain portfolio management teams, the Adviser limits an activity or transaction for certain client accounts or funds, including client accounts or funds managed by portfolio management teams other than the team holding such information.

For additional information regarding restrictions on trading on MNPI and potential related conflicts of interest, please see Item 11.A, Code of Ethics and Personal Trading and Item 11.B, Participation or Interest in Client Transactions and Other Conflicts of Interest.

D. Material Conflicts of Interest Relating to Other Investment Advisers

Security Capital does not recommend or select other investment advisers for clients for direct or indirect compensation from those advisers. Security Capital does not have business relationships with other investment advisers that create a material conflict of interest.

ITEM 11

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

A. Code of Ethics and Personal Trading

Security Capital and its registered investment adviser Affiliates have adopted the JPMAM Code of Ethics (the "Code of Ethics") pursuant to Rule 204A-1 under the Advisers Act. The Code of Ethics is designed to ensure that Security Capital employees comply with applicable federal securities laws and place the interests of clients first in conducting personal securities transactions. The Code of Ethics imposes certain restrictions on securities transactions in the personal accounts of covered persons to help avoid or mitigate conflicts of interest, as described more fully below. A copy of the Code of Ethics is available free of charge to any client upon request by contacting your client service representative or financial adviser.

The Code of Ethics contains policies and procedures relating to:

- Account holding reports, personal trading, including reporting and pre-clearance requirements for all employees of the Adviser;
- Confidentiality obligations to clients set forth in the JPMC privacy notices;
- Employee conflicts of interest, which includes guidance relating to restrictions on trading on MNPI, gifts and entertainment, political and charitable contributions and outside interests; and
- Escalation guidelines for reporting Code of Ethics violations.

In general, the personal trading rules under the Code of Ethics require that accounts of employees and associated persons be maintained with an approved broker and that all trades in reportable securities for such accounts be pre-cleared and monitored by Compliance personnel. The Code of Ethics also prohibits certain types of trading activity, such as short-term and speculative trades. Employees of the Adviser must obtain approval prior to engaging in all covered security transactions, including those issued in private placements. In addition, employees of the Adviser are not permitted to buy or sell securities issued by JPMC during certain periods throughout the year. Certain "Access Persons" (defined as persons with access to non-public information regarding the Adviser's recommendations to clients, purchases, or sales of securities for client accounts and advised funds) are prohibited from executing personal trades in a security or similar instrument five business days before and after a client or fund managed by that Access Person transacts in that security or similar instrument. In addition, Access Persons are required to disclose household members, personal security transactions and holdings information. These disclosure obligations and restrictions are designed to mitigate conflicts of interest that may arise if Access Persons transact in the same securities as advisory clients.

Additionally, all Security Capital employees are subject to the JPMC firm-wide policies and procedures including those found in the JPMC Code of Conduct (the "Code of Conduct"). The Code of Conduct sets forth restrictions regarding confidential and proprietary information, information barriers, private investments, outside interests and personal trading. All JPMC employees, including Security Capital employees, are required to familiarize themselves, comply, and attest annually to their compliance with provisions of the Code of Conduct's terms as a condition of continued employment.

B. Participation or Interest in Client Transactions and Other Conflicts of Interest

JPMC Acting in Multiple Commercial Capacities

JPMC is a diversified financial services firm that provides a broad range of services and products to its clients and is a major participant in the global currency, equity, commodity, fixed-income and other markets in which the Adviser's client accounts invest or may invest. JPMC is typically entitled to compensation in connection with these activities and the Adviser's clients will not be entitled to any such compensation. In providing services and products to clients other than the Adviser's clients, JPMC, from time to time, faces conflicts of interest with respect to activities recommended to or performed for the Adviser's clients on one hand and for JPMC's other clients on the other hand. For example, JPMC has, and continues to seek to develop banking and other financial and advisory relationships with numerous U.S. and non-U.S. persons and governments. JPMC also advises and represents potential buyers and sellers of businesses worldwide. The Adviser's client accounts have invested in, or may wish to invest in, such entities represented by JPMC or with which JPMC has a banking, advisory or other financial relationship. In addition, certain clients of JPMC, including the Adviser's clients, may invest in entities in which JPMC holds an interest, including a JPMorgan Affiliated Fund. In providing services to its clients and as a participant in global markets, JPMC from time to time recommends or engages in activities that compete with or otherwise adversely affect an Adviser's client account or its investments. It should be recognized that such relationships can preclude the Adviser's clients from engaging in certain transactions and can also restrict investment opportunities that may be otherwise available to the Adviser's clients. For example, JPMC is often engaged by companies as a financial adviser, or to provide financing or other services, in connection with commercial transactions that are potential investment opportunities for the Adviser's clients. There are circumstances in which advisory accounts are precluded from participating in such transactions as a result of JPMC's engagement by such companies. JPMC reserves the right to act for these companies in such circumstances, notwithstanding the potential adverse effect on the Adviser's clients. In addition, JPMC derives ancillary benefits from providing investment advisory, custody, administration, prime brokerage, transfer agency, fund accounting and shareholder servicing and other services to the Adviser's clients, and providing such services to the Adviser's clients may enhance JPMC's relationships with various parties, facilitate additional business development and enable JPMC to obtain additional business and generate additional revenue. For example, allocating a client account's or a certain JPMorgan Affiliated Fund's assets to a third-party private investment fund or product enhances JPMC's relationship with such third-party investment fund or product and their affiliates and could facilitate additional business development or enable JPMC or the Adviser to obtain additional business and generate additional revenue.

The following are descriptions of certain additional conflicts of interest and potential conflicts of interest that may be associated with the financial or other interests that the Adviser and JPMC may have in transactions effected by, with, or on behalf of its clients. In addition to the specific mitigants described further below, the Adviser has adopted policies and procedures reasonably designed to appropriately prevent, limit or mitigate conflicts of interest. In addition, many of the activities that create these conflicts of interest are limited and/or prohibited by law, unless an exception is available.

JPMC Service Providers and Its Relationships with Issuers of Debt or Equity Instruments in Client Portfolios

JPMC or the Adviser's related persons provide financing, consulting, investment banking, management, custodial, transfer agency, shareholder servicing, treasury oversight, administration, distribution, underwriting, including participating in underwriting syndicates, brokerage (including prime brokerage) or other services to, and receive customary compensation from, an issuer of equity or debt securities held by client accounts or

JPMorgan Affiliated Funds managed by the Adviser or the portfolio companies in which such accounts or funds invest. These relationships generate revenue to JPMC and could influence the Adviser in deciding whether to select or recommend such investment funds, products, or companies for investments by client accounts or JPMorgan Affiliated Funds, in deciding how to manage such investments, and in deciding when to realize such investments. For example, JPMC earns compensation from private investment funds or their sponsors or investment products for providing certain services, and the Adviser has an incentive to favor such funds or products over other funds or products with which JPMC has no relationship when investing on behalf of, or recommending investments to, client accounts or JPMorgan Affiliated Funds because such investments potentially increase JPMC's overall revenue. In providing these services, JPMC could also act in a manner that is detrimental to a client account or JPMorgan Affiliated Fund, such as when JPMC is providing financing services and it determines to close a line of credit to, to not extend credit to, or to foreclose on the assets of, an investment vehicle or a portfolio company in which a client account or JPMorgan Affiliated Fund invests, or when JPMC advises a client and such advice is adverse to a client account or JPMorgan Affiliated Fund. Any fees or other compensation received by JPMC in connection with such activities will not be shared with the Adviser's clients. Such compensation could include financial advisory fees, monitoring fees, adviser fees, or fees in connection with restructurings or mergers and acquisitions, as well as underwriting or placement fees, financing or commitment fees, trustee fees, and brokerage fees.

Client Participation in Offerings where JPMC acts as Underwriter or Placement Agent

When permitted by a client's investment guidelines, objectives, restrictions, conditions, limitations, directions and cash needs, and subject to compliance with applicable law, regulations, and exemptions, the Adviser from time to time purchases securities for client accounts during an underwriting or other offering of such securities in which a broker-dealer Affiliate of the Adviser acts as a manager, co-manager, underwriter or placement agent. The Adviser's Affiliate typically receives a benefit in the form of management, underwriting or other fees.

When a JPMC broker-dealer serves as underwriter in connection with an initial public offering of securities held in client accounts or funds managed by the Adviser, JPMC typically requires certain equity holders, including such client account or fund, to be subject to a lock-up period following the offering during which time such equity holders' ability to sell any securities is restricted. In addition, JPMC internal policies or identified actual or potential conflicts arising from the role of such broker-dealer Affiliate could preclude a client account or fund from selling into such an offering. These factors could restrict the Adviser's ability to dispose of such securities at an opportune time and thereby adversely affect the relevant account or fund and its performance. Affiliates of the Adviser also act in other capacities in such offerings and such Affiliates will receive fees, compensation, or other benefits for such services.

The commercial relationships and activities of the Adviser's Affiliate may at times indirectly preclude the Adviser from engaging in certain transactions on behalf of its clients and constrain the investment flexibility of client portfolios. For example, when the Adviser's Affiliate is the sole underwriter of an initial or secondary offering, the Adviser cannot purchase or sell securities in the offering for its clients. In such case the universe of securities and counterparties available to the Adviser's clients will be smaller than that available to clients of advisers that are not affiliated with major broker-dealers.

JPMC Service Providers

JPMC faces conflicts of interest when certain JPMorgan Affiliated Funds select service providers affiliated with JPMC because JPMC receives greater overall fees when they are used. Affiliates provide investment advisory, custody, administration, fund accounting and shareholder servicing services to certain JPMorgan Affiliated Funds for which they are compensated by such funds.

Conflicts Related to Advisers and Service Providers

Certain advisers or service providers to clients and funds managed by the Adviser (including investment advisers, accountants, administrators, lenders, bankers, brokers, attorneys, consultants and investment or commercial banking firms) provide goods or services to, or have business, personal, financial or other relations with JPMC and/or the Adviser, their Affiliates, advisory clients and portfolio companies. Such advisers and

service providers may be clients of JPMC and the Adviser, sources of investment opportunities, co-investors or commercial counterparties or entities in which JPMC has an investment. Additionally, certain employees of JPMC or the Adviser could have family members or relatives employed by such advisers and service providers. These relationships could have the appearance of affecting or potentially influencing the Adviser in deciding whether to select or recommend such advisers or service providers to perform services for its clients or investments held by such clients (the cost of which will generally be borne directly or indirectly by such clients).

In addition, JPMC has entered into arrangements with service providers that include fee discounts for services rendered to JPMC. For example, certain law firms retained by JPMC discount their legal fees based upon the type and volume of services provided to JPMC. The cost of legal services paid by the Adviser's clients is separately negotiated and is not included in the negotiation or calculation of the JPMC rate and, as a result, the fees that are charged to the clients typically reflect higher billing rates. In the event that legal services are provided jointly to JPMC and a client with respect to a particular matter, the client and JPMC will each bear their pro rata share of the cost of such services which may reflect the JPMC discount or a higher rate, depending on the facts and circumstances of the particular engagement.

Restrictions Relating to JPMC Directorships/Affiliations

Additionally, from time to time, directors, officers, and employees of JPMC, serve on the board of directors or hold another senior position with a corporation, investment fund manager or other institution that may desire to sell an investment to, acquire an investment from or otherwise engage in a transaction with, the Adviser's clients. The presence of such persons in such circumstances may require the relevant person to recuse himself or herself from participating in the transaction, or cause the Adviser, corporation, investment fund manager or other institution to determine that it (or its client) is unable to pursue the transaction because of a potential conflict of interest. In such cases, the investment opportunities available to the Adviser's clients and the ability of such clients to engage in transactions or retain certain investments or assets will be limited.

In connection with investments on behalf of funds or clients, the Adviser may receive representation on an Unaffiliated Fund or portfolio company's board of directors, advisory committee or another similar group, and may participate in general operating activities. Applicable securities laws and internal policies of the Adviser could limit the ability of employees of the Adviser to serve on such boards or committees. If employees of the Adviser serve on a board or committee of an Unaffiliated Fund or portfolio company, such persons may have conflicts of interest in their duties as members of such board or committee and as employees of the Adviser. In addition, such persons and such funds or clients will likely be subject to certain investment and trading limitations if such persons receive MNPI in connection with serving on such boards or committees.

Principal Transactions, Cross and Agency Cross Transactions

When permitted by applicable law and the Adviser's policy, the Adviser, acting on behalf of its advisory accounts, has the ability to enter into transactions in securities and other instruments with or through JPMC, and causes such accounts to engage in principal transactions, cross transactions, and agency cross transactions. A "principal transaction" occurs if the Adviser, acting on behalf of its advisory accounts, knowingly buys a security from, or sells a security to, the Adviser's or its Affiliate's own account.

A "cross transaction" occurs when the Adviser arranges a transaction between different advisory clients where they buy and sell securities or other instruments from, or to each other. For example, in some instances a security to be sold by one client account may independently be considered appropriate for purchase by another client account. In such cases, the Adviser may, but is not required, to cause the security to be "crossed" or transferred directly between the relevant accounts at an independently determined market price and without incurring brokerage commissions, although customary custodian fees and transfer fees may be incurred, no part of which will be received by the Adviser.

An "agency cross transaction" occurs if JPMC acts as broker for, and receives a commission from a client account of the Adviser on one side of the transaction and a brokerage account on the other side of the transaction in connection with the purchase or sale of securities by the Adviser's client account. The Adviser

faces potentially conflicting division of loyalties and responsibilities to the parties in such transactions, including with respect to a decision to enter into such transactions as well as with respect to valuation, pricing and other terms. No such transactions will be effected unless the Adviser determines that the transaction is in the best interest of each client account and permitted by applicable law.

The Adviser has developed policies and procedures in relation to such transactions and conflicts. In the case of funds or certain other advisory accounts, consent may be granted by a governing body or a committee of investors or independent persons acting for an advisory account, in which case other investors will not have the opportunity to provide or withhold consent to the proposed transaction. Where a registered investment company participates in a cross trade, the Adviser will comply with procedures adopted pursuant to Rule 17a-7 under the 1940 Act and related regulatory authority.

Proprietary Investments by the Adviser and/or its Related Persons

Proprietary Investments - Initial Funding

In the ordinary course of business, and subject to compliance with applicable regulations, the Adviser or its related persons from time to time provide the initial funding ("JPMC Seed Capital") necessary to establish new funds for developing new investment strategies and products. These funds may be in the form of registered investment companies or private funds such as partnerships or limited liability companies and may invest in the same securities as other client accounts. The JPMC Seed Capital in any such seeded fund can be redeemed at any time generally without notice as permitted by the governing documentation of such funds and applicable regulations. Due to the requirements of the Volcker Rule, JPMC Seed Capital is generally required to be withdrawn within a period of one to three years following launch of a fund (See Item 8.B, Regulatory Risk). A large redemption of shares by the Adviser or its related persons could result in the fund selling securities when it otherwise would not have done so, accelerating the realization of capital gains and increasing transaction costs. A large redemption could significantly reduce the assets of a fund, causing a higher expense ratio and decreased liquidity. From time to time, the Adviser uses derivatives to hedge all or a portion of these seed capital investments. JPMC Seed Capital may also subject a fund to additional regulatory restrictions, including FINRA Rule 5130. For example, seeded funds may be precluded from buying or selling certain securities, including IPOs. Where permitted these funds and accounts may, and frequently do, invest in the same securities as other funds and client accounts managed by the Adviser. The Adviser's policy is to treat seeded funds and accounts in the same manner as other funds and client accounts for purposes of order aggregation and allocation.

Proprietary Investments - Employees' Investments in JPM Private Funds

Certain of the Adviser's employees, and investment vehicles formed to facilitate investments by the Adviser's employees, are permitted to invest directly or indirectly in pooled vehicles managed by the Adviser and they may benefit from the investment performance of those pooled vehicles. Employees' investments in private placements or other securities must be pre-cleared. AM compliance is responsible for reviewing these pre-clearance requests and monitoring the activities of employees holding such positions for conformity with Security Capital policies.

The Volcker Rule prohibits or limits the ability of the Adviser and its related persons to engage in certain of these activities. For a more complete discussion of the Volcker Rule's restrictions please refer to Item 8.B, Regulatory Risk.

JPMC's Policies and Regulatory Restrictions Affecting Client Accounts and Funds

As part of a global financial services firm, the Adviser may be precluded from effecting or recommending transactions in certain client portfolios and may restrict its investment decisions and activities on behalf of its clients as a result of applicable law, regulatory requirements and/or other conflicts of interest, information held by the Adviser or JPMC, the Adviser's and/or JPMC's roles in connection with other clients and in the capital markets and JPMC's internal policies and/or potential reputational risk. As a result, client portfolios managed by the Adviser may be precluded from acquiring, or disposing of, certain securities or instruments at any time.

This includes the securities issued by JPMC. However, with respect to voting proxies on behalf of the Adviser's clients, the Adviser, as a fiduciary, will vote proxies independently and in the best interests of its clients, as described in Item 17.

In addition, potential conflicts of interest also exist when JPMC maintains certain overall investment limitations on positions in securities or other financial instruments due to, among other things, investment restrictions imposed upon JPMC by law, regulation, contract, or internal policies. These limitations have precluded and, in the future could preclude, certain accounts managed by the Adviser from purchasing particular securities or financial instruments, even if the securities or financial instruments would otherwise meet the investment objectives of such accounts. For example, there are limits on the aggregate amount of investments by affiliated investors in certain types of securities within a particular industry group that may not be exceeded without additional regulatory or corporate consent. Potential conflicts of interest may also arise as a result of the Adviser's current policy to endeavor to manage its clients' portfolios so that the various requirements and liabilities imposed pursuant to Section 16 of the Securities Exchange Act of 1934 ("Section 16" and the "Exchange Act", respectively) are not triggered. Section 16 applies, inter alia, to "beneficial owners" of 10% or more of any security subject to reporting under the Exchange Act. In addition to certain reporting requirements, Section 16 also imposes on such "beneficial owner" disgorgement requirement of "short-swing" profits deriving from purchase and sale or sale and purchase of the security, executed within a six-month period. The Adviser may be deemed to be a "beneficial owner" of securities held by its advisory clients. Consequently, and given the potential ownership level of the various Adviser's accounts and funds managed for its clients, the Adviser may limit the amount, or alter the timing, of purchases or sales of securities, in order not to trigger the foregoing requirements. That means that certain contemplated transactions that otherwise would have been consummated by the Adviser on behalf of its clients may not take place, may be limited in their size or may be delayed.

The Adviser is not permitted to use MNPI in effecting purchases and sales in public securities transactions. The intentional acquisition of MNPI may give rise to a potential conflict of interest since the Adviser may be prohibited from rendering investment advice to clients regarding the public securities of such issuer and thereby potentially limiting the universe of public securities that the Adviser may purchase or potentially limiting the Adviser's ability to sell such securities. Similarly, where the Adviser declines access to (or otherwise does not receive or share within the Firm) MNPI regarding an issuer, the Adviser may base its investment decisions with respect to assets of such issuer solely on public information, thereby limiting the amount of information available to the Adviser in connection with such investment decisions. In determining whether or not to elect to receive MNPI, the Adviser will endeavor to act fairly to its clients as a whole.

Furthermore, the Adviser has adopted policies and procedures reasonably designed to ensure compliance generally with economic and trade sanctions-related obligations applicable directly to its activities (although such obligations are not necessarily the same obligations to which its clients may be subject to). Such economic and trade sanctions prohibit, among other things, transactions with and the provision of services to, directly or indirectly, certain countries, territories, entities and individuals. These economic and trade sanctions, and the application by the Adviser of its compliance policies and procedures in respect thereof, may restrict or limit an advisory account's investment activities. In addition, JPMC from time to time subscribes to or otherwise elects to become subject to investment policies on a firm-wide basis, including policies relating to environmental, social and corporate governance. The Adviser may also limit transactions and activities for reputational or other reasons, including when JPMC is providing (or may provide) advice or services to an entity involved in such activity or transaction, when JPMC or a client is or may be engaged in the same or a related activity or transaction to that being considered on behalf of the advisory account, when JPMC or another account has an interest in an entity involved in such activity or transaction, or when such activity or transaction on behalf of or in respect of the advisory account could affect JPMC, the Adviser, their clients or their activities. JPMC may become subject to additional restrictions on its business activities that could have an impact on the Adviser's client accounts activities. In addition, the Adviser may restrict its investment decisions and activities on behalf of particular advisory accounts and not on behalf of other accounts.

Investing in Securities which the Adviser or a Related Person Has a Material Financial Interest*Recommendation or Investments in Securities that the Adviser or Its Related Persons may also Purchase or Sell*

The Adviser and its related persons may recommend or invest in securities on behalf of its clients that the Adviser and its related persons may also purchase or sell. As a result, positions taken by the Adviser and its related persons may be the same as or different from, or made contemporaneously with or at different times than, positions taken for clients of the Adviser. As these situations involve actual or potential conflicts of interest, the Adviser has adopted policies and procedures relating to personal securities transactions, insider trading and other ethical considerations. These policies and procedures are intended to identify and mitigate actual and perceived conflicts of interest with clients and to resolve such conflicts appropriately if they do occur. The policies and procedures contain provisions regarding pre-clearance of employee trading, reporting requirements and supervisory procedures that are designed to address potential conflicts of interest with respect to the activities and relationships of related persons that might interfere or appear to interfere with making decisions in the best interest of clients, including the prevention of front-running. In addition, the Adviser has implemented monitoring systems designed to ensure compliance with these policies and procedures.

Conflicts Related to the Advising of Multiple Accounts

Certain portfolio managers of the Adviser may manage multiple client accounts or investment vehicles. These portfolio managers are not required to devote all or any specific portion of their working time to the affairs of any specific clients. Conflicts of interest do arise in allocating management time, services or functions among such clients, including clients that may have the same or similar type of investment strategies. The Adviser addresses these conflicts by disclosing them to clients and through its supervision of portfolio managers and their teams. Responsibility for managing the Adviser's client portfolios is organized according to investment strategies within asset classes. Generally, client portfolios with similar strategies are managed by portfolio managers in the same portfolio management group using the same or similar objectives, approach and philosophy. Therefore, portfolio holdings, relative position sizes, industry and sector exposures generally tend to be similar across client portfolios with similar strategies. However, the Adviser faces conflicts of interest when the Adviser's portfolio managers manage accounts with similar investment objectives and strategies. For example, investment opportunities that may potentially be appropriate for certain clients may also be appropriate for other groups of clients, and as a result client accounts may have to compete for positions. There is no specific limit on the number of accounts which may be managed by the Adviser or its related persons. Security Capital has controls in place to monitor and mitigate these potential conflicts of interest. See Allocation and Aggregation below for further details on this subject.

Conflicts of Interest Created by Contemporaneous Trading

Positions taken by a certain client account may also dilute or otherwise negatively affect the values, prices or investment strategies associated with positions held by a different client account. For example, this may occur when investment decisions for one client are based on research or other information that is also used to support portfolio decisions by the Adviser for a different client following different investment strategies or by an Affiliate of the Adviser in managing its clients' accounts. When a portfolio decision or strategy is implemented for an account ahead of, or contemporaneously with, similar portfolio decisions or strategies for the Adviser's or an Affiliate's other client (whether or not the portfolio decisions emanate from the same research analysis or other information), market impact, liquidity constraints, or other factors could result in one account being disadvantaged or receiving less favorable investment results than the other account, and the costs of implementing such portfolio decisions or strategies could be increased.

In addition, it may be perceived as a conflict of interest when activity in one account closely correlates with the activity in a similar account, such as when a purchase by one account increases the value of the same securities previously purchased by another account, or when a sale in one account lowers the sale price received in a sale by a second account.

Investments in Different Parts of an Issuer's Capital Structure

A conflict could arise when JPMC or one or more client accounts invest in different instruments or classes of securities of the same issuer than those in which other clients invest. In certain circumstances, JPMC or one or more client accounts that have different investment objectives could pursue or enforce rights with respect to a particular issuer in which other clients of the Adviser or JPMC have also invested. These activities are adverse to the interests of such other clients, and transactions for a client account will be impaired or effected at prices or terms that are less favorable than would otherwise have been the case had a particular course of action with respect to the issuer of the securities not been pursued with respect to such other client account or JPMC. For example, if JPMC or a client of the Adviser holds debt instruments of an issuer and another client holds equity securities of the same issuer, and the issuer experiences financial or operational challenges, JPMC acting on behalf of itself or the client who holds the debt instrument may seek a liquidation of the issuer, whereas the other client who holds the equity securities may prefer a reorganization of the issuer. In addition, an issuer in which a client invests may use the proceeds of the client's investment to refinance or reorganize its capital structure which could result in repayment of debt held by JPMC or another client. If the issuer performs poorly following such refinancing or reorganization, the client's results will suffer whereas JPMC's and/or the other client's performance will not be affected because JPMC and the other client no longer have an investment in the issuer. Conflicts are magnified with respect to issuers that become insolvent. It is possible that in connection with an insolvency, bankruptcy, reorganization, or similar proceeding, a client will be limited (by applicable law, courts or otherwise) in the positions or actions it will be permitted to take due to other interests held or actions or positions taken by JPMC.

Conflicts Related to Allocation and Aggregation

Potential conflicts of interest also arise involving both the aggregation of trade orders and allocation of securities transactions or investment opportunities. Allocations of aggregated trades, particularly trade orders that were only partially filled due to limited availability, and allocation of investment opportunities raise a potential conflict of interest because the Adviser has an incentive to allocate trades or investment opportunities to certain accounts or funds. For example, the Adviser has an incentive to cause accounts it manages to participate in an offering where such participation could increase the Adviser's overall allocation of securities in that offering. In addition, the Adviser may receive more compensation from one account than it does from a similar account or may receive compensation based in part on the performance of one account, but not a similar account. This could incentivize the Adviser to allocate opportunities of limited availability to the account that generates more compensation for the Adviser.

The Adviser has established policies, procedures and practices to manage the conflicts described above. The Adviser's allocation and order aggregation practices are designed to achieve a fair and equitable allocation and execution of investment opportunities among its client accounts over time, and these practices are designed to comply with securities laws and other applicable regulations. See Item 12.B, Order Aggregation for a complete description of the Adviser's allocation and aggregation practices. In addition to the aforementioned policies, procedures and practices, the Adviser also monitors a variety of areas, including compliance with account guidelines, IPOs, new issue allocation decisions, and any material discrepancies in the performance of similar accounts.

The fairness of a given allocation depends on the facts and circumstances involved, including, the client's investment criteria, account size, and the size of the order. Allocations are made in the good faith judgment of Security Capital so that fair and equitable allocation will occur over time. In determining whether an allocation is fair and equitable, Security Capital considers account specific factors such as, availability of cash, liquidity needs of the account, risk/return profile of the account, exposure to the security, sector, or industry and whether the account is participating in specialized strategies.

Generally, equity orders involving the same investment opportunity or managed by the same portfolio manager are aggregated and allocated across client accounts at average price, consistent with Security Capital's obligation to obtain best execution for its clients. If an aggregated order is not fully executed, subject to the exceptions below, participating accounts will typically be systematically allocated their requested allotment on a pro rata, average price basis.

Non-pro rata allocations may occur across clients, including in fixed-income securities due to the availability of multiple appropriate or substantially similar investments in fixed-income strategies, as well as due to differences in benchmark factors, hedging strategies or other reasons. For example, partially filled orders for fixed-income securities cannot always be allocated on a pro rata basis.

Allocations may be adjusted under certain circumstances, for example in situations where pro rata allocations would result in de minimis positions or odd lots. Furthermore, some clients may not be eligible to participate in an IPO/new issue where, for example, the investment guidelines for an account prohibit IPOs/new issues, or the account is owned by persons restricted from participating in IPOs/new issues or other applicable laws or rules or prudent policies in any jurisdiction.

Side Letters; Preferential Terms

The Adviser, on its own behalf or on behalf of a fund, from time to time enters into side letters or other similar agreements with investors in connection with their admission to the private fund managed by the Adviser without the approval of any other investor. The side letters or other similar agreements have the effect of establishing rights under, altering or supplementing the terms of the governing documents of the fund with respect to one or more such investors in a manner more favorable to such investors than those applicable to other investors. Such rights or terms in any such side letter typically include, one or more of the following: (i) fee and other economic arrangements with respect to such investor, including, but not limited to, reductions, modifications or waivers of fees and expense caps or partial or total reimbursement or rebate of certain fees, charges, and/or expenses; (ii) excuse or exclusion rights applicable to particular investments or withdrawal or transfer rights from the investment vehicle, including as a result of an investor's specific policies or certain violations of federal, state or non-U.S. laws, rules or regulations, such as so-called "pay-to-play" rules with respect to public pension plan investors, (which may materially increase the percentage interest of other investors in, and their contribution obligations, for future investments and expenses, and reduce the overall size of the fund); (iii) additional or modified reporting obligations of the Adviser (or similar managing fiduciary) or other enhanced information or notice rights for certain investors; (iv) waiver of certain confidentiality obligations, including where certain disclosures are required by federal or state "sunshine" laws; (v) prior consent of the Adviser (or similar managing fiduciary) to certain transfers by such investor; and (vi) rights or terms necessary in light of particular legal, regulatory or policy characteristics of an investor.

Potential Conflicts Relating to Valuation

There is an inherent conflict of interest where the Adviser or its Affiliate values securities or assets in client accounts or provides any assistance in connection with such valuation and the Adviser is receiving a fee based on the value of such assets. Overvaluing certain positions held by clients will inflate the value of the client assets as well as the performance record of such client accounts which would likely increase the fees payable to the Adviser. The valuation of investments may also affect the ability of the Adviser to raise successor or additional funds. As a result, there may be circumstances where the Adviser is incentivized to determine valuations that are higher than the actual fair value of investments.

In addition, the Adviser may value identical assets differently in different funds due to, among others, different valuation guidelines applicable to such private funds or different third-party pricing vendors. Furthermore, certain units within JPMC may assign a different value to identical assets than the Adviser because these units may have certain information regarding valuation techniques and models or other information relevant to the valuation of a specific asset or category of assets, which they do not share with the Adviser.

In addition, securities for which market quotations are not readily available, or are deemed to be unreliable, are fair valued in accordance with established policies and procedures. Fair value situations could include, but are not limited to:

- A significant event that affects the value of a security;
- Illiquid securities;

- Securities that have defaulted or are de-listed from an exchange and are no longer trading; or
- Any other circumstance in which it is determined that current market quotations do not accurately reflect the value of the security.

ITEM 12

Brokerage Practices

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

The Adviser continually assesses the ability of trade execution venues to provide best execution for the Adviser's client accounts on a consistent basis and in accordance with the Adviser's best execution policies and procedures. In order to obtain best execution, the Adviser considers some or all of the following execution factors, depending on trade order, when selecting the most appropriate venue or counterparty:

- Access to liquidity/natural order flow;
- Price, costs, and commission rates charged;
- Speed of execution or priority placed upon an order by the portfolio manager or client;
- The need to minimize the possible market impact;
- Likelihood of execution and settlement;
- The size of the order relative to other orders in the same financial instrument;
- Confidentiality provided by a counterparty;
- Whether or not the security is traded on exchange or over the counter
- Consistent quality of overall service from the counterparty; and
- Quality of research services provided.

When assessing, the relative importance of these factors, the Adviser will also consider the characteristics of the client's account, the client's order, and the financial instruments that are the subject of the order and the execution venues to which that order can be directed.

Each order executed on behalf of a client account will be unique in its characteristics since each trade order will be subject to the prevailing market conditions, liquidity, investment strategy, and investment guidelines at the time such order is executed. While the relative importance assigned to the execution factors will vary, generally the Adviser prioritizes price and cost factors (both explicit and implicit) in obtaining best execution. However, there are instances where other factors take precedence. Such instances may include the following: trade costs are uniform or negligible across counterparties for fixed-income products, speed of execution may be more important due to the nature of the order, or a trade order is large in comparison to the liquidity of the relevant financial instrument in the market.

The Adviser is responsible for determining that the level of commission paid for each trade is reasonable in light of the service received. Commissions on brokerage transactions may be subject to negotiation. Negotiated commissions take into account the difficulty involved in execution, the extent of the broker's commitment of its own capital (if any), the amount of capital involved in the transaction, and any other services offered by the broker.

1. Research and Other Soft Dollar Benefits

The Adviser does not enter into soft dollar arrangements. However, the Adviser may receive or have access to research generally made available by a broker to its trading clients. In addition, the Adviser may consider the value-added quality of proprietary research received from brokers in allocating trades to brokers that may

result in its clients paying higher rates of commissions to such brokers than might be available from other broker-dealers or through the use of alternative trading systems.

2. Brokerage for Client Referrals

The Adviser does not select broker-dealers in order to receive client referrals. The factors used by the Adviser in selecting broker-dealers in order to execute trades are described above.

3. Directed Brokerage

The Adviser does not recommend, request or require that clients direct transactions through a specified broker-dealer. However, under certain conditions, the Adviser may accept written direction from a client to direct brokerage commissions from that client's account to specific brokers in return for services provided by the brokers to the client. A client who directs the Adviser to use a particular broker-dealer, including a client who directs use of a broker-dealer as custodian of client's assets, should consider whether such a designation may result in certain costs or disadvantages to the client. Accordingly, the client should satisfy itself that the broker-dealer can provide adequate price and execution of transactions.

Where a client directs the use of a particular broker-dealer, it is possible that the Adviser may be unable to achieve most favorable execution of such client's transactions, and the client's account may be disadvantaged as a result of a less favorable execution price and/ or higher commissions. In addition, less favorable execution prices and/or higher commissions could result from the client account's inability to participate in aggregate orders or other reasons.

Client accounts that direct brokerage may have execution of their orders delayed, since, in an effort to achieve orderly execution of transactions, execution of orders for client accounts that have directed the Adviser to use particular broker-dealers may, in certain circumstances, be made after the Adviser completes the execution of non-directed orders. This delay may negatively affect the price paid or received in the purchase or sale of securities, respectively, by a client account electing to direct brokerage.

B. Order Aggregation

The Adviser has allocation practices in place that are designed to reasonably promote fair and equitable allocations of investment opportunities among its client accounts over time and to promote compliance with applicable regulatory requirements. Such practices are designed to reasonably ensure that accounts are treated in a fair and equitable manner. For equity and certain fixed-income trading, the Adviser generally aggregates contemporaneous purchase or sale orders of the same security across multiple client accounts and funds (the "Participating Accounts"). Pursuant to the Adviser's trade aggregation and allocation policies and procedures, the Adviser determines the appropriate facts and circumstances under which it will aggregate trade orders depending on the particular investment strategy or type of security or instrument and timing of order flow and execution.

When Participating Accounts' orders are aggregated, the orders will be placed with one or more broker-dealers or other counterparties for execution. When a bunched order or block trade is completely filled, the Adviser generally allocates the securities or other instruments purchased or the proceeds of any sale pro rata among the Participating Accounts, based on such accounts' relative size. Adjustments or changes may be made and allocations may be made on a basis other than pro rata under certain circumstances such as to avoid odd lots or small allocations or to satisfy account cash flows or to comply with investment guidelines. For example, when a pro rata allocation of an IPO/New Issue would result in de minimis allocation relative to the size of a Participating Account, such allocation may be reallocated to other Participating Accounts. However, as previously discussed in Item 11.B, Proprietary Investments by the Adviser and/or its Related Persons, Proprietary Investments - Initial Funding, seeded funds together with any other funds or accounts deemed ineligible pursuant to FINRA Rule 5130 are precluded from participating in IPOs and shall not be considered Participating Accounts for purposes of such IPO/New Issue transactions. In addition, if the order at a particular

broker- dealer or other counterparty is filled at several different prices, generally all Participating Accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice.

Exceptions to Order Aggregation

The Adviser generally does not aggregate orders where aggregation is not appropriate or practicable from the Adviser's operational or other perspectives or if doing so would not be appropriate in light of applicable regulatory considerations. For example, trading instructions, cash flows, or portfolio management processes may, among other factors, result in separate, non-aggregated trades.

The Adviser may be able to negotiate a better price and lower commission rate on aggregated trades than on trades that are not aggregated. However, the Adviser is not required to aggregate trades and when trade orders are not aggregated, the Participating Accounts will not benefit from a better price and lower commission rate or lower transaction cost that might have been available had the trades been aggregated.

Trade Errors

Trade errors and other operational mistakes occasionally occur in connection with the Adviser's management of funds and client accounts. The Adviser has developed policies and procedures that address the identification and correction of trade errors. Errors can result from a variety of situations involving portfolio management (e.g., inadvertent violation of investment restrictions) and trading (e.g., miscommunication of information, such as wrong number of shares, wrong price, wrong account, calling the transaction a buy rather than a sell and vice versa, etc.). The policies and procedures require that all errors affecting a client's account be resolved promptly and fairly. Under certain circumstances, the Adviser may consider whether it is possible to adequately address an error through cancellation, correction, reallocation of losses and gains or other means. The intent of the policy is to restore a client account to the appropriate financial position considering all relevant circumstances surrounding the error.

The Adviser makes its determinations pursuant to its error policies on a case-by-case basis, in its discretion, based on factors it considers reasonable. Relevant facts and circumstances the Adviser may consider include, among others, the nature of the service being provided at the time of the incident, whether intervening causes, including the action or inaction of third parties, caused or contributed to the incident, specific applicable contractual and legal restrictions and standards of care, whether a client's investment objective was contravened, the nature of a client's investment program, whether a contractual guideline was violated, the nature and materiality of the relevant circumstances, and the materiality of any resulting losses.

The Adviser's policies and procedures generally do not require perfect implementation of investment management decisions, trading, processing or other functions performed by the Adviser. Therefore, not all mistakes will be considered compensable to the client. Imperfections in the implementation of investment decisions, quantitative strategies, financial modeling, trade execution, cash movements, portfolio rebalancing, processing instructions or facilitation of securities settlement, imperfection in processing corporate actions, or imperfection in the generation of cash or holdings reports resulting in trade decisions may not constitute compensable errors, depending on the facts and circumstances. In addition, in managing accounts, the Adviser may establish non-public, formal or informal internal targets, or other parameters that may be used to manage risk, manage sub-advisers or otherwise guide decision-making, and a failure to adhere to such internal parameters will not be considered an error.

ITEM 13

Review of Accounts

A. Frequency and Nature of Review of Client Accounts or Financial Plans

The Adviser periodically reviews client accounts utilizing review processes and supervisory personnel. The Adviser's portfolio managers are generally responsible for the daily management and review of the accounts under their supervision.

The Adviser conducts performance reviews of its portfolio managers' accounts. Such reviews examine compliance with clients' investment objectives and account guidelines, account performance, and the Adviser's current investment processes and practices. An account review is conducted by a team that includes the client portfolio managers and individuals from other appropriate functional areas.

The information in this Brochure does not include all the specific review features associated with each investment strategy or applicable to a particular client account. Clients are urged to ask questions regarding the Adviser's review process applicable to a particular strategy or investment product.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review

In addition to periodic reviews, Security Capital may perform reviews as it deems appropriate or otherwise required. Additional reviews of client accounts may be triggered by client request, compliance monitoring, industry factors, market developments, statutory and regulatory changes and any issues that may have been identified with respect to a client account. Events that trigger reviews of client accounts are generally directed to the attention of business management and investment executives.

C. Content and Frequency of Account Reports to Clients

The Adviser regularly provides written reports to clients that are tailored to the type of investments included in the client's account. Each of the Adviser's clients receives at least one of the following types of account reports:

- A monthly or quarterly statement of assets including a description of each asset with cost and current market values;
- A statement of transactions (typically monthly), detailing account activity;
- Quarterly performance reports; or
- Quarterly and annual audited financial statements which include a portfolio overview, investment vehicle summary and schedule of investments.

Clients generally have the option of receiving these reports via postal mail or e-mail.

Investors in pooled vehicles managed by the Adviser receive reports described in the offering or organizational document for the relevant vehicle information or as required by law, rule or regulation.

ITEM 14

Client Referrals and Other Compensation

A. Economic Benefits Received from Third-Parties for Providing Services to Clients

The Adviser does not receive economic benefits from someone who is not a client for providing investment advisory services to its clients.

However, the Adviser or its Affiliates derive ancillary benefits from providing investment advisory services to clients. Please see Item 11.B, Participation or Interest in Client Transactions and Other Conflicts of Interest - JPMC Acting in Multiple Commercial Capacities.

The Code of Ethics, the Code of Conduct and other related policies and procedures adopted by the Adviser restrict the receipt of personal benefits by employees of the Adviser or its Affiliates in connection with the Adviser's business. Subject to strictly enforced compliance policies, in limited circumstances exceptions may

be made for certain nominal non-cash gifts, meals, refreshments and entertainment provided in the course of a host-attended business-related meeting or other occasion. Please see Item 11.A, Code of Ethics and Personal Trading.

B. Compensation to Non-Supervised Persons for Client Referrals

The Adviser directly or indirectly compensates affiliated persons for client referrals in accordance with applicable laws, including Rule 206(4)-3 under the Advisers Act, when applicable. The compensation generally consists of a cash payment, computed as a percentage of the Adviser's fees. Such compensation is paid entirely out of the Adviser's own resources and therefore does not result in any additional charges to the clients.

Additionally, the Adviser or its Affiliates also compensates JPMC employees for referring clients to the Adviser in accordance with applicable laws.

ITEM 15

Custody

Security Capital does not maintain physical custody of its clients' assets. Client assets are typically held by a qualified custodian pursuant to a separate custody agreement. However, pursuant to Rule 206(4)-2 under the Advisers Act, in certain circumstances the Adviser may be deemed to have custody of client assets. Security Capital is deemed to have custody of client assets in the following circumstances:

- When Security Capital or a related person acts in any capacity that gives it legal ownership of, or access to, client assets, (e.g., when Security Capital serves as a general partner, managing member, or comparable position for certain unregistered investment pools).

Clients in such private funds will receive the fund's annual audited financial statements. Such clients should review these statements carefully. If clients in the private funds do not receive audited financial statements in a timely manner, they should contact Security Capital immediately.

- When, with respect to certain separately-managed accounts, Security Capital or a related person directly or indirectly holds client funds or securities or has authority to obtain possession of them. Security Capital is deemed to have custody if it is authorized or permitted to withdraw client funds or securities maintained with a custodian upon its instruction to the custodian.

Clients will receive account statements at least quarterly directly from their broker-dealer, bank or other qualified custodian. Separately managed account clients may also receive a statement of assets from Security Capital. Clients are encouraged to compare the account statements that they receive from their qualified custodian with those that they receive from Security Capital. If clients do not receive statements at least quarterly from their qualified custodian in a timely manner, they should contact Security Capital immediately.

ITEM 16

Investment Discretion

As described in Item 4.B, the Adviser provides both discretionary and non-discretionary investment management services. For discretionary mandates, the Adviser and client execute an investment advisory agreement authorizing the Adviser to act on behalf of the client's account. Execution of such agreement authorizes the Adviser to supervise and direct the investment and reinvestment of assets in the client's account on the client's behalf and at the client's risk.

The Adviser's discretionary authority may be limited by the terms of its written agreement with each client. These limitations might include objective and investment guidelines that the client establishes for the account. For JPMorgan Funds, the Adviser's investment discretion may be limited by certain federal securities laws and tax laws that require diversification of investments and impose other limitations.

For an additional discussion of risks related to the Adviser's discretionary authority, please refer to Item 8.B.

ITEM 17

Voting Client Securities

A. Policies and Procedures Relating to Voting Client Securities

If the Adviser has been appointed as an investment manager, the client may give the Adviser the authority to vote the proxies of the securities held in the client's portfolio. As a fiduciary, the Adviser must act in the best interest of the client with respect to proxy voting activities. To ensure that the proxies are voted in the best interests of its clients and to prevent material conflicts of interest, as described in Item 11, from affecting the manner in which proxies are voted, Security Capital has adopted a Proxy Voting Policy (the "Proxy Voting Policy") within the Adviser Compliance Program and detailed written proxy voting procedures ("Proxy Procedures") pursuant to Rule 206(4)-6 of the Advisers Act. The Proxy Voting Policy and Proxy Procedures incorporate detailed guidelines ("Proxy Guidelines") which address proxy voting with respect to a wide variety of topics including: shareholder voting rights, anti-takeover defenses, board structure, the election of directors, executive and director compensation, mergers and corporate restructuring and social and environmental issues. The Proxy Guidelines have been developed and approved by the Proxy Committee (as defined below) with the objective of encouraging corporate action that enhances shareholder value. Although for many matters the Proxy Guidelines specify the votes to be cast, for many others, the Proxy Guidelines contemplate case-by-case determinations. In addition, because proxy proposals and individual company facts and circumstances may vary, the Adviser may override the Proxy Guidelines if it reasonably believes it is in the client's best interest to do so. Clients may obtain a copy of Security Capital's Proxy Guidelines and information about how the Adviser voted the client's proxies by contacting their client service representative. In limited circumstances the client may instruct the Adviser to follow proxy voting guidelines administered by a third party.

Proxy Administrator and Proxy Committee

To oversee and monitor the proxy-voting process, Security Capital has established a Proxy Committee and appointed a Proxy Administrator. The Proxy Administrator oversees the proxy voting process, monitors recommendations from Proxy Services (as defined below) and escalates issues to and confirms recommendations with the appropriate investment professionals of the Adviser. The Proxy Committee is composed of a representative of the Proxy Administrator, senior business officers of the Adviser and representatives of each of the AM Legal, Compliance, and Risk Management departments. The Proxy Committee meets periodically to review and provide advice on general proxy-voting matters and specific voting issues, as well as to review and approve the Proxy Guidelines.

The Proxy Voting Process

The Adviser's investment professionals monitor the corporate actions of the companies held in their clients' portfolios to determine how to vote individual proxies in accordance with the Proxy Procedures and Proxy Guidelines. To assist its investment professionals with proxy voting proposals, the Adviser may retain the services of a third-party proxy voting service (the "Proxy Service"). The Adviser will also retain the Proxy Service in situations where a material conflict of interest may exist. The Proxy Service may assist in the implementation and administration of certain proxy voting-related functions including operational, record keeping, and reporting services. The Proxy Service also provides the Adviser with comprehensive analysis of proxy proposals as well as recommendations on how to vote each proposal that reflect the Proxy Service's application of the Adviser's Proxy Guidelines to particular proxy issues. In situations where the Proxy Guidelines are silent or recommend a case-by-case analysis, the Proxy Administrator (as defined above) will

forward the Proxy Service's recommendations to the Adviser's investment professionals who will determine if the recommendations should be accepted.

Mitigating Potential Conflicts

To maintain the integrity and independence of the Adviser's investment processes and decisions, including proxy voting decisions, and to protect the Adviser's decisions from undue influence that could lead to a vote other than in the clients' best interests, JPMC (including Security Capital) has adopted a policy pertaining to safeguarding information and established formal informational barriers. The information barriers include, where appropriate: computer firewalls; the establishment of separate legal entities; and the physical separation of employees from separate business divisions. The barriers are designed to limit influence and restrict the flow of information between JPMC's securities, lending, investment banking, and other divisions and JPMAM's investment professionals and to mitigate potential conflicts of interest. Examples of material conflicts of interest that could arise include, without limitation, circumstances in which: (i) management of a Security Capital client or prospective client, distributor or prospective distributor of its investment management products, or critical vendor, is soliciting proxies and failure to vote in favor of management may harm Security Capital's relationship with such company and materially impact Security Capital's business; or (ii) a personal relationship between a Security Capital officer and management of a company or other proponent of a proxy proposal could impact the Adviser's voting decisions.

Depending on the nature of the conflict of interest, the Adviser may elect to take one or more of the following measures, or other appropriate action:

- Removing certain Adviser personnel from the proxy voting process;
- "Walling off" personnel with knowledge of the conflict to ensure that such personnel do not influence the relevant proxy vote;
- Voting in accordance with the applicable Proxy Guidelines, if any, if the application of the Proxy Guidelines would objectively result in the casting of a proxy vote in a predetermined manner; or
- Deferring the vote to an independent voting service, if any, that will vote in accordance with its own recommendation.

The resolution of all potential and actual material conflict issues will be documented to demonstrate that the Adviser acted in the best interests of its clients.

B. No Authority to Vote Client Securities and Client Receipt of Proxies

If a client chooses not to delegate proxy voting authority to the Adviser, the right to vote securities is retained by the client or other designated person. In such situations, the client will generally receive proxies or other solicitations directly from the custodian or transfer agent. Clients may contact the Adviser if they have a question on a particular proxy voting matter or solicitation; however, the Adviser will not recommend how to vote where the Adviser lacks authority to do so.

ITEM 18

Financial Information

A. Balance Sheet

Pursuant to SEC instructions, the Adviser is not required to include its balance sheet as part of this Brochure.

B. Financial Conditions Likely to Impair Ability to Meet Contractual Commitments to Clients

The Adviser is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

C. Bankruptcy Filings

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

Key Terms	
1940 Act	: means the Investment Company Act of 1940, as amended.
Access Persons	: means persons with access to non-public information regarding the Adviser's recommendations to clients, purchases, or sales of securities for client accounts and advised funds.
Adviser	: means Security Capital Research & Management Incorporated.
Advisers Act	: means the Investment Advisers Act of 1940, as amended.
Affiliate	: means, with respect to any Person, any other Person that, directly or indirectly, controls, is under common control with, or is controlled by that Person. For purposes of this definition, "control" (including the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct and cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract, or otherwise.
AM	: means the Asset Management business of JPMAMW.
BHCA	: means the Bank Holding Company Act of 1956.
Brochure	: means the Adviser's Form ADV, Part 2A.
CFTC	: means the U.S. Commodity Futures Trading Commission.
Code of Conduct	: means the JPMC firm-wide policies and procedures that sets forth restrictions regarding confidential and proprietary information, information barriers, private investments, outside business activities and personal trading.
Code of Ethics	: means JPMAM Code of the Ethics, which is designed to ensure that Security Capital employees comply with applicable federal securities laws and place the interests of clients first in conducting personal securities transactions.
CPO	: means Commodity Pool Operator.
CTA	: means Commodity Trading Advisor.
Dodd-Frank	: means the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as amended.
Exchange Act	: means the U.S. Securities Exchange Act of 1934, as amended.
FINRA	: means the U.S. Financial Industry Regulatory Authority.
IPOs	: means initial public offerings.
JPMAM	: means J.P. Morgan Asset Management, which is the marketing name for the AM businesses of JPMC.
JPMAAM	: means J.P. Morgan Alternative Asset Management
JPMAWM	: means J.P. Morgan Asset & Wealth Management.
JPMC	: means JPMorgan Chase & Co., a publicly traded company, and its affiliates worldwide.
JPMCB	: means JPMorgan Chase Bank, N.A.
JPMII	: means J.P. Morgan Institutional Investments Inc., an affiliated broker-dealer of Security Capital which serves as placement agent for certain private investment funds managed by the Adviser.
JPMIM	: means J.P. Morgan Investment Management Inc.
JPMC Seed Capital	: means when the Adviser or related persons provide initial funding necessary to establish a new fund.
JPMorgan Affiliated Funds	: means mutual funds and other pooled investment vehicles managed by Security Capital and its affiliates.
JPMorgan Funds	: means mutual funds or ETFs advised by Security Capital or its affiliates.

Management Persons	:	means the Adviser's principal executive officers, directors and the individuals who determine general investment advice provided to clients.
MNPI	:	means material non-public information.
Model Delivery Sponsor	:	means non-discretionary models delivered to Sponsors.
NFA	:	means the National Futures Association.
OTC	:	means over-the-counter.
Person	:	means, with respect to any Person, any other Person that, directly or indirectly, controls, is under common control with, or is controlled by that Person. For purposes of this definition, "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct and cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract, or otherwise.
Participating Accounts	:	means multiple client accounts and funds across which the Adviser generally aggregates contemporaneous purchase or sale orders of the same security.
PMT	:	means Security Capital's three-member Portfolio Management Team that makes all investment decisions.
Proxy Administrator	:	oversees the proxy voting process, monitors recommendations from Proxy Services and escalates issues to and confirms recommendations with the appropriate investment professionals of the Adviser.
Proxy Committee	:	meets periodically to review and provide advice on general proxy matter and specific voting issues, as well as to review and approve the Guidelines.
Proxy Guidelines	:	means the detailed guidelines incorporated in the Proxy Procedures, which address proxy voting with respect to a wide variety of topics including: shareholder voting rights, anti-takeover defenses, board structure, the election of directors, executive and director compensation, mergers and corporate restructuring and social and environmental issues.
Proxy Procedures	:	means the detailed written proxy voting procedures adopted by Security Capital pursuant to Rule 206(4)-6 of the Advisers Act.
Proxy Service	:	means third-party proxy voting service.
Proxy Voting Policy	:	means the detailed written proxy voting policy adopted by Security Capital pursuant to Rule 206(4)-6 of the Advisers Act.
REIT	:	means real estate investment trust.
PG	:	means Preferred Growth LLC, and its subsidiary, Preferred Growth Incorporated.
SEC	:	means the U.S. Securities and Exchange Commission.
Section 16	:	means Section 16 of the Securities Exchange Act of 1934.
Security Capital	:	means Security Capital Research & Management Incorporated, which is a U.S. investment advisory branch of JPMAM.
SRO	:	means self-regulatory organization.
Volcker Rule	:	refers to § 619 (12 U.S.C. § 1851) of the Dodd-Frank Wall Street Reform and Consumer Protection Act.