This brochure, dated April 11, 2018 (this “Brochure”), provides information about the qualifications, investment strategies and business practices of Heitman Real Estate Securities LLC (“HRES” or the “Firm”), an investment adviser registered with the U.S. Securities and Exchange Commission (the “SEC”). Please note that SEC registration status does not indicate a particular level of skill or training of the Firm or its employees and that neither the SEC nor any state securities authority has approved this Brochure.

The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

If clients have any questions about the contents of this Brochure, please contact William Pogorelec at +1-312-425-0671 or by email at william.pogorelec@heitman.com. Additional information about the Firm is also available on the SEC’s website at www.adviserinfo.sec.gov. Clients can search this site by a unique identifying number, known as a CRD number or the Firm’s name. The Firm’s CRD number is 107134.
Item 2  Material Changes

The Firm is providing clients with this Brochure in compliance with the SEC’s disclosure rules under the Investment Advisers Act of 1940 (the “Advisers Act”).

This Brochure provides a summary of the Firm’s qualifications, investment strategies, and business practices. The last annual update was March 31, 2017.

The following material changes are incorporated in this Brochure:

- Item 4 has been updated to describe the Firm’s updated ownership structure.
- Effective February 12, 2018, Richard J. Gorman was appointed Chief Compliance Officer and Deputy General Counsel of the Firm and Heitman LLC, the Firm’s parent.

Any material changes to this Brochure and subsequent Brochures will be sent to clients within 120 days of the close of the Firm’s fiscal year. Any interim disclosures about material changes will also be forwarded to clients as necessary.
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**Item 4  Advisory Business**

**Background**

The Firm is an SEC registered public securities investment adviser that has been in business since 1989 and has its principal place of business in Chicago, Illinois.

**Ownership Structure**

Heitman LLC ("HLLC"), the sole Member and parent of HRES, is the only entity that controls 25% or more of the Firm. In addition, the only entity that owns 25% or more of HLLC is KE I LLC, which holds a 99.5% stake in HLLC and acts as its managing member. The other member of HLLC is KE 2 LLC, which holds a nominal non-voting stake of 0.05%.

On January 5, 2018, HLLC redeemed the interest in the business that was previously owned by OMAM (HFL), Inc., an affiliate of publicly traded OM Asset Management plc ("OMAM"), thereby removing any direct and indirect ownership interests that were held by OMAM and its other affiliates in the Firm.

**Other Related Entities**

Section 7.A of Schedule D in the Firm’s Form ADV, Part I, which is accessible by following the directions on the Cover Page of this Brochure, discloses entities that are subsidiaries of HLLC (hereafter collectively, “Heitman Affiliates”). This disclosure includes all registered investment adviser and broker dealer Heitman Affiliates.

Heitman Affiliates utilize limited partnerships or other pooled investment vehicles (the “Heitman Funds”) for investment purposes that are structured for clients of Heitman Affiliates that principally consist of institutional investors. Heitman Affiliates also act as general partner, manager, or in other similar capacities and serve as the investment advisers of these Heitman Funds. As a matter of practice, Heitman Affiliates provide prospective investors in a Heitman Fund with the fund’s private placement memorandum or comparable offering document, which contains information specific to that investment opportunity.

Additionally, in certain cases, Heitman Affiliates create special purpose entities, including limited partnerships or similar vehicles that are comprised of one or more investors, but which are not organized as Heitman Funds ("Client SPV Entities"). Similar to Heitman Funds, in these cases, Heitman Affiliates may act as general partner, managing member, or in a similar capacity and also serve as the investment adviser for the Client SPV Entities. As a practical matter, these entities are created to facilitate certain investments in real estate on behalf of one or a limited number of clients. These structures are common for real estate investments and are generally utilized for tax efficiency and limited liability reasons.

**Advisory Services**

The Firm provides investment advice and investment management services with respect to investments in equity, convertible and debt instruments of publicly traded real estate related companies, including real estate investment trusts ("REITs"), REIT-like entities and real estate operating companies ("REOCs").
In connection with the provision of the services described above, the Firm provides continuous advice to clients regarding the investment of client funds based on each client’s stated objectives and strategies. Through direct discussions with each client from which investment goals and objectives are identified, the Firm implements an investment policy that is documented in a separately negotiated investment management agreement (“IMA”).

The Firm provides advisory services to high net worth individuals and institutions. Examples of such advisory clients are registered investment companies, investment advisers, pension and profit sharing plans, and pooled investment vehicles. The Firm also presents the opportunity to invest in registered investment companies to its clients. The Firm manages these advisory accounts on a discretionary basis. Portfolio investing is guided by the client’s stated objectives as set forth in each client’s IMA (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, industry sectors, or other factors such as geographic location and social concerns.

The Firm’s investment management is generally limited to securities of publicly traded real estate related companies as well as managing currency exposure, as required. Such securities are typically in one or more of the following categories:

- Exchange-listed securities;
- Securities traded in over-the-counter markets;
- Foreign issuers; or
- Warrants.

Because some types of investments involve certain additional degrees of risk, they will only be implemented or recommended when consistent with the client’s stated investment objectives.

In connection with the services described above, the Firm may provide investment advice to non-discretionary accounts, such as providing models to other investment advisers and Unified Managed Accounts.

**Mutual Fund Portfolio Management**

The Firm is an investment adviser to the Heitman US Real Estate Fund (the “Mutual Fund”), which is a mutual fund registered under the Investment Company Act of 1940. The Mutual Fund participates as a mutual fund in the Series Portfolio Trust (“SPT”) series of mutual funds.

As the investment adviser and investment manager to this Mutual Fund, the Firm is responsible for developing, constructing and monitoring the asset allocation and portfolio management for the Mutual Fund, in accordance with the investment objectives, policies, and restrictions, as stated in the Mutual Fund’s prospectus in effect and as amended from time to time.

The Firm provides advisory services to the Mutual Fund as described in the prospectus and Statement of Additional Information (“SAI”), which include important information regarding objectives, investments, time-horizon, risks, fees, and additional disclosures. These documents are available on request by calling William Pogorelec at 312-425-0671.
Prior to making any investment in the Mutual Fund, investors and prospective investors should carefully review these documents for a comprehensive understanding of the terms and conditions applicable for investment in the Mutual Fund.

**Collective Investment Trust**

The Firm serves as the discretionary investment manager to the Heitman Global Prime Collective Investment Trust (the “Trust”), a bank collective trust offering Units of beneficial ownership to qualified, and eligible investors. Benefit Trust Company, a Kansas trust company, is the Trustee of the Trust. The Trust is only offered to certain eligible investors that are qualified plans, such as pension, profit sharing and 401(k) plans. More information is available upon request by contacting John Payne at 312-855-4442.

**Publication of Periodicals or Newsletters**

The Firm, the Firm’s parent or Heitman Affiliates publish periodic reports, newsletters, and similar documents providing general information on various topics including, but not limited to, property and capital market trends, macro-economic conditions, and property sector themes based on independent research. No specific recommendations to buy, sell or hold a particular security or real estate property are provided in these materials and the information provided does not purport to meet the objectives or needs of any investor. These materials are distributed to the Firm’s advisory clients. No fee is charged for such publications.

**Amount of Managed Assets**

As of December 31, 2017, the Firm had regulatory assets under management of $2,226,680,915 for client assets that were managed on a discretionary basis and $378,787,991 for client assets that were managed on a non-discretionary basis. In addition, the Firm managed an additional $801,501,820 of non-regulatory assets.

**Item 5 Fees and Compensation**

**Asset Management Fees**

As compensation for its investment advisory services, the Firm is normally entitled to an annualized portfolio management fee, which is usually calculated and paid as a percentage of assets under management. In some instances, the Firm may earn fees based on performance (also referred to as an incentive fee) as well as assets under management. For additional information, please refer to the "Performance-Based Fees" section (Item 6).

Fees are negotiable and are generally paid quarterly in arrears. The Firm’s customary practice is to provide quarterly invoices to the client, and in some cases to the client’s custodian. Such fees are typically paid to the Firm through the custodian or other client designee. The terms and conditions of the fee structure for all clients are mutually agreed upon prior to entering into an advisory agreement.
Generally, the IMA may be canceled at any time, typically within 30 and 90 days of the date written notice was provided, by either party, for any reason upon receipt of such request. Upon termination of any account, any unearned fees will be promptly refunded and any earned but unbilled fees will be invoiced.

The Firm also provides sub-advisory services to one or more registered investment companies at rates negotiated with those clients. Fees paid by these funds for investment advisory services are described in each fund’s prospectus.

Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client mandate, amount of assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, and the nature of reporting requested, among other factors. The specific annual fee schedule is identified in the IMA between the Firm and each client.

The Firm may group certain related client accounts for the purpose of determining the annualized fee. Clients should note that similar advisory services might be available from other registered (or unregistered) investment advisers for lower fees.

Additional Fees and Expenses. In addition to the Firm’s advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers and/or local exchanges, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for clients’ accounts. These charges, fees and commissions are exclusive of, and in addition to, the Firm’s advisory fees. The Firm shall not receive any portion of these commissions, fees or charges. Please refer to the “Brokerage Practices” section (Item 12) of this Form ADV for additional information.

ERISA Accounts. The Firm is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (“IRAs”) pursuant to the Employee Retirement Income and Securities Act (“ERISA”) and regulations under the Internal Revenue Code of 1986 (the “Internal Revenue Code”), respectively. As such, the Firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, the Firm may only charge fees for investment advice regarding products for which the Firm and/or its “related persons” do not receive any commissions or 12b-1 fees, or conversely, investment advice regarding products for which the Firm and/or its “related persons” receive commissions or 12b-1 fees, however, only when such fees are used to offset the Firm’s advisory fees.

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

Performance-Based Fees

The Firm may enter into an IMA that includes a performance- or incentive-based fee from the client, in addition to the asset management fee described in Item 5. These types of fee structures are negotiated on an individual basis with the client, subject, if applicable, to the requirements of Section 205 and Rule 205-3 under the Advisers Act. Such performance-based
fees are generally based upon the extent to which either realized or unrealized gains exceed either a national index, a predefined benchmark or investment return hurdle. If unrealized gains are included, they are typically based upon either an independent or a client-directed valuation. These types of fee structures are often viewed as better aligning the Firm and its compensation with its client’s investment objectives and results.

In theory, a performance- or incentive-based fee structure could lead to circumstances where the Firm may be perceived as having a conflict that arises as a result of the nature of these types of fee structures. Examples of this include situations in which the Firm were to:

- Favor clients with performance oriented compensation over other clients of the Firm that have different fee arrangements;
- Recommend a riskier or more speculative investment than those that might be recommended under a different fee arrangement; or
- Time dispositions or control other factors particular to a security position that have the potential to generate additional fees.

However, the Firm has the following protections in place to mitigate the potential for conflicts caused by performance- or incentive-based fee structures:

- The Firm’s investment recommendations are created in accordance with the investment guidelines as defined in the client’s IMA,
- The Firm recommends the same or similar investments for clients participating in the same strategy, regardless of the fee structure,
- Purchase and sale orders are placed by the portfolio managers across all portfolios in the same strategy at the same time, barring other limiting circumstances, such as individual client restrictions or cash inflows or outflows, which may create timing differences,
- All transactions are reviewed by portfolio managers, and
- The Firm performs a regular review of performance dispersion among portfolios that participate in the same strategy, which serves as a balancing measure across each strategy.

Furthermore, as the Firm also has clients who do not pay performance-based fees, inasmuch as all client accounts using the same strategy are traded in a consistent manner that is dictated by model portfolios, the presence of performance fees would not favor such accounts over accounts where such fees are not charged.

**INCENTIVE OR PERFORMANCE-BASED FEES WILL ONLY BE CHARGED IN ACCORDANCE WITH THE PROVISIONS OF RULE 205-3 OF THE ADVISERS ACT.**
Item 7      Types of Clients

The Firm may provide advisory services to affiliated investment advisers, registered investment companies, commingled vehicles and separate account portfolios managed for business and institutional entities and high net worth individuals. The Firm or its affiliates may serve as the investment manager to mutual funds, collective investment, open-ended and finite-term unit trusts and funds formed pursuant to the laws of various jurisdictions.

Item 8      Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

The Firm uses the following methods of analysis in formulating its investment advice and/or managing real estate related client assets:

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

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

Technical Analysis. The Firm analyzes past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

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

Quantitative Analysis. The Firm uses mathematical models in an attempt to obtain more accurate measurements of a company’s quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Qualitative Analysis. The Firm subjectively evaluates non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data. A risk in using qualitative analysis is that the Firm’s subjective judgment may prove incorrect.

Risks for all forms of analysis. The Firm’s securities analysis methods rely on the assumption that the companies whose securities it purchases and sells, the rating agencies that review these securities, and other publicly available sources of information about these securities, are
providing accurate and unbiased data. While the Firm is alert to indications that data may be incorrect, there is always a risk that its analysis may be compromised by inaccurate or misleading information.

**Investment Philosophy.** The Firm provides investment management and advisory services for institutional investors and high net worth individuals wishing to invest in publicly traded real estate related companies listed on various exchanges.

The Firm provides clients with an experienced, disciplined and in-depth investment approach, which includes fundamental securities analysis. It seeks for its clients those investments that will outperform established benchmarks by purchasing securities of companies with superior growth prospects or securities that it deems undervalued.

The investment horizon of the Firm is primarily intermediate to long-term. The nature of the underlying real estate assets dictates this approach. However, the Firm frequently reevaluates each position in terms of national and local economic conditions, rents, occupancy levels and competition, and changes in management strategies.

**Sources of Information.** An important part of the Firm’s analysis is individual property site visits. Properties are analyzed to determine underlying economic values, the consistency and quality of cash flow, the potential for growth through re-leasing or physical enhancement, and their ability to employ leverage to positively enhance their results. The Firm maintains contact with industry sources such as bankers, real estate brokers, property managers, local real estate investors and appraisers to access individual properties and local real estate trends. In addition, Heitman Affiliates’ experience in private equity real estate and debt investment, in combination with information from sector specialists within Heitman Affiliates’ research team, provides the Firm with insights into trends, market turns and investment strategy execution across the spectrum of real estate investing.

**Investment Strategies**

The Firm uses the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with a client’s investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** The Firm may purchase securities with the idea of holding them in a client’s account for a year or longer. Typically, the Firm employs this strategy when:

- It believes the securities to be currently undervalued, and/or
- It wants exposure to a particular asset class over time.

Risks associated with a long-term purchase strategy are described below.

**Short-term purchases.** When utilizing this strategy, the Firm may purchase securities with the idea of selling them within a relatively short time. The Firm does this in an attempt to take advantage of conditions that it believes will soon result in a price swing in the securities it purchases. Risks associated with a short-term purchase strategy are described below under *Risk of Loss – Trading.*
Compliance. The Firm’s parent has a Compliance Committee that reviews and evaluates compliance issues and potential risks deemed to affect the Firm and its affiliates and ensures such issues are addressed. These compliance issues include, among others things, matters involving Know Your Customer, Anti Money Laundering, Privacy and Pay-to-Play. Controls are evaluated, enhanced and/or established to manage such risks. All IMAs are reviewed by Compliance prior to execution. Customized checklists are prepared to address all IMA requirements and these checklists are then audited.

Risk of Loss

Investing in real estate investment trust securities may be subject to the principal risks summarized below. These risks could adversely affect the investment’s value, yield and total return. It is possible to lose money by investing in these securities.

Stock Market Risk. The value of the stocks and other securities held as investments will fluctuate depending on the performance of the companies that issued them, general market and economic conditions, and investor confidence. The market may also fail to recognize the Firm’s determination of an investment’s value or the Firm may misgauge that value.

Industry and Sector Risk. Companies that have similar lines of business are grouped together in broad categories called industries. Certain industries are grouped together in broader categories called sectors. The Firm concentrates its investments in certain real estate related industries, which may cause the investment’s performance to be susceptible to the economic, business or other developments that affect those industries. Real estate industries are particularly sensitive to the following economic factors: decreases in demand due to economic recessions; increases in supply due to overbuilding; interest rate changes; changes in zoning laws; changes in neighborhood values; increases in property taxes; casualty and condemnation losses; and regulatory limitations on rents.

Portfolio Turnover Risk. The Firm may sell its investment securities, regardless of the length of time that they have been held, if the Firm determines that it would be in the best interests of clients to do so. These transactions will increase the investment’s “portfolio turnover.” High turnover rates generally result in higher brokerage costs to those clients and in higher net taxable gain that may reduce their returns.

Currency Risk and Exchange Risk. Because foreign securities generally are denominated and pay dividends or interest in foreign currencies, the value of the investments in foreign securities as measured in local currency will be affected favorably or unfavorably by changes in exchange rates. Generally, when the local currency rises in value against a foreign currency, a security denominated in that local currency loses value because the currency is worth fewer dollars. Conversely, when the local currency decreases in value against a foreign currency, a security denominated in that currency gains value because the currency is worth more local dollars. This risk, generally known as “currency risk,” means that a stronger local currency will reduce returns for clients while a weak local currency will increase those returns. In a global equity strategy there can be exposure to multiple currencies in the portfolio and, as such, weakness in one currency versus the base currency of the portfolio may be partially or completely offset by strength in another currency.
**Long-Term Purchases.** A risk in a long-term purchase strategy is that by holding the security for this length of time, the Firm may not take advantage of short-term gains that could be profitable to a client. Moreover, if its predictions are incorrect, a security may decline in value before the Firm makes the decision to sell.

**Trading.** As noted above, the Firm sometimes purchases securities with the idea of selling them very quickly (typically within 30 days or less). The Firm does this in an attempt to take advantage of its predictions of brief price swings. The Firm considers its investment strategy longer-term in nature, and trading on a short-term basis is not the primary focus.

Utilizing a trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize. Moreover, under those circumstances, the Firm is left with few options:

- Having a long-term investment in a security that was designed to be a short-term purchase, or
- The potential of having to taking a loss.

In addition, because this strategy involves more frequent trading than does a longer-term strategy, there will be a resultant increase in brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Option writing.** The Firm may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives the Firm the right to buy an asset at a certain price within a specific period of time. The Firm will buy a call if it has determined that the stock will increase substantially before the option expires.
- A put gives the Firm as the holder the right to sell an asset at a certain price within a specific period of time. The Firm will buy a put if it has determined that the price of the stock will fall before the option expires.

Options can be used to speculate on the possibility of a sharp price swing. Options can also be used to “hedge” a purchase of the underlying security; in other words, an option purchase can limit the potential upside and downside of a security held in client portfolios.

Options known as “covered calls” can be used in which an option on a security that clients own is sold. In this strategy, clients receive a fee, called a “premium,” for making the option available, and the other party that purchases the option has the right to buy the security from those clients at an agreed-upon price.

Another option strategy, known as a “spreading strategy” can be employed. In this situation, two or more option contracts are purchased and/or sold for the same underlying security. For example, by purchasing a call option and selling a different call option on the same security will effectively put clients on both sides of the market, but with the ability to vary price, time and other factors.
Volatility of Investment Results. As with any investment in equity securities, the value of an investment in any of the Firm’s strategies and the total return on a client’s investment are subject to the possibility that the subject portfolio of investments will experience sudden, unpredictable drops in value or long periods of decline in value. This may occur because of factors that affect the securities markets generally, such as adverse changes in economic conditions, the general outlook for corporate earnings, interest rates or investor sentiment. The Firm's investments may also lose value because of factors affecting an entire industry or sector, such as increases in production costs, or factors directly related to a specific company, such as decisions made by its management.

Concentration of Portfolio. The various strategies executed by the Firm may result in the concentration in a limited number of securities, or one security may constitute a significant percentage of a particular portfolio. A decline in the value of a security or securities in which the portfolio holds a concentrated interest could substantially affect the value of the portfolio overall.

Risks of Investing in Foreign Securities. Some of the Firm’s strategies may require investing in foreign securities that will be subject to risks not typically associated with domestic securities. Although ADRs and GDRs are alternatives to directly purchasing the underlying securities in their national markets and currencies, they are also subject to many of the risks associated with investing directly in foreign securities. Foreign investments can be riskier and more volatile as a result of varying custody, brokerage and settlement practices, difficulty in pricing of securities, less public information about issuers of such securities, less governmental regulation and supervision of the issuance and trading of securities, the possibility of expropriation or nationalization, adverse political, social or diplomatic developments, the imposition of withholding and other taxes, limitations on the movement of funds between different countries, and difficulties in invoking legal process abroad and enforcing contractual obligations. Changes in the value of foreign currencies can make it more difficult for the portfolio holding such securities to sell its securities and could reduce the value of an investment in the portfolio.

Conflicting Interest of Clients. The Firm’s clients may have conflicting tax and other interests with respect to their investments. The conflicting interests of individual clients may relate to or arise from, among other things, the timing of investments by the Firm and the taxable or tax-exempt status of individual clients. As a consequence, potential conflicts of interest may arise in connection with decisions made by the Firm, including decisions with respect to the timing of making or disposing of investments, that may be more beneficial for one client than for another client, especially with respect to each client’s individual tax situation.

Strategy May Not Be Successful. No guarantee or representation can be made that the investment strategy utilized on behalf of any client will be successful, that there will be profits, or that losses will be avoided. There is no assurance that the Firm or its affiliates will correctly evaluate the nature and magnitude of the various factors that could affect the prospects of the Firm’s trading.

Potential Loss of Invested Capital. A client could lose all or substantially all of its investment managed by the Firm. Investments in the previously described strategies are only suitable for investors willing to accept this risk. Prospective investors should carefully consider their portfolio objectives and their need to minimize the risk of large losses in evaluating an
investment in the Interests. The past investment performance of the Firm should not be construed as an indication of the future results of an investment managed by the Firm.

**Dependence on Affiliated Advisers and their Officers.** The Firm and any affiliated advisers may have discretionary investment authority over clients’ investments. The success of these investments will depend upon the ability of the Firm and any of its affiliated advisers that are utilized to implement their investment strategies successfully. A client’s investment performance will be dependent on the services of a limited number of officers of the Firm and its affiliated advisers. If the services of the officers were to become unavailable to the Firm and its affiliated advisers, the result of such a loss of key management personnel could be substantial losses for the Firm’s clients.

**Real Estate Securities.** The Firm concentrates its investments in real estate securities. An investment made by the Firm on behalf of its clients will not constitute a diversified investment program. Real estate securities are susceptible to the risks associated with direct ownership of real estate, including, without limitation, declines in property values; increases in property taxes, operating expenses, interest rates or competition; overbuilding; zoning changes; risks related to general and local economic conditions; eminent domain; fluctuations in rental income; changes in neighborhood values; the appeal of properties to tenants; and losses from casualty or condemnation.

Real estate companies may be affected by changes in the value of the underlying property they own and by the quality of credit extended. Such companies also are subject to heavy cash flow dependency, defaults by borrowers, self-liquidation and the possibility of failing to qualify for tax-free pass-through of income under applicable income tax regulations in the jurisdiction of the companies.

REITs may expose the Firm’s investments to similar risks associated with direct investment in real estate. REITs are dependent upon specialized management skills, have limited diversification and are generally dependent on their ability to generate cash flow to make distributions to shareholders. The requirements for qualification as a REIT are extremely complex. It is possible that a real estate company that purports to be a REIT may fail to qualify as such. In that event, the purported REIT would be subject to corporate level taxation, which would significantly reduce the return on investment in such enterprise.

REITs in non-traditional real estate assets, such as data centers, self-storage or cell-phone towers, may not perform in a manner correlated to their underlying assets or may perform in a manner unrelated to factors, such as interest rates or federal tax law, that typically have an impact on more traditional REITs.

**Insurance Considerations relating to Real Estate Securities.** Certain real estate related companies may, in connection with the issuance of securities, have disclosed that they carry comprehensive liability, fire, flood, terrorism, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. Such insurance is not uniform among real estate companies. There are certain types of extraordinary losses that may be uninsurable, or not economically insurable. Should any type of uninsured loss occur, such real estate related company could lose its investments in, and anticipated profits and cash flows from, a number of properties, which, as a result, would adversely impact the company and its value.
Credit Risk. Real estate companies may be highly leveraged and financial covenants may affect the ability of real estate companies to operate effectively. The companies in which the Firm invests are subject to risks normally associated with debt financing. In addition, a real estate company’s obligation to comply with financial covenants, such as debt-to-asset ratios and secured debt-to-total asset ratios, and other contractual obligations may restrict the company’s range of operating activity. A real estate company in which the Firm invests, therefore, may be limited from incurring additional indebtedness, selling its assets and engaging in mergers or making acquisitions, which may be beneficial to the operation of the company.

Environmental Considerations. In connection with the ownership (direct or indirect), operation, management and development of real properties that may contain hazardous or toxic substances, a real estate company may be considered an owner or operator of such properties or as having arranged for the disposal or treatment of hazardous or toxic substances and, therefore, may be potentially liable for removal or remediation costs, as well as certain other costs, including governmental fines and liabilities for injuries to persons and property. The existence of any such material environmental liability could have a material adverse effect on the results of operations and cash flow of any such real estate company and, as a result, the amount available to make distributions on its shares could be reduced.

Small and Medium Capitalization Companies. Even the larger real estate companies in the industry tend to be small to medium-sized companies in relation to the equity markets as a whole. There may be less daily trading volume in a smaller company’s stock, which means that buy and sell transactions in that stock could have a larger impact on the stock’s price than is the case with larger company stocks. Further, smaller company stocks may perform in different cycles than larger company stocks. Accordingly, real estate company shares can be more volatile than, and at times will perform differently from, the shares of “blue chip” companies.

Basis Risk. This may occur when the prices of two assets that normally follow an established relationship to one another show a large change in their relative prices. This could lead to capital losses for a portfolio if it has positions in both and they move in an unfavorable direction.

Contracts for Differences (“CFDs”). The Firm may employ risk management techniques with the aim of ensuring it can dispose of the necessary assets at any time in order to pay redemption proceeds resulting from redemption requests and to meet its obligations resulting from contracts for differences and other techniques and instruments.

A CFD is a contract between two parties, buyer and seller, stipulating that the seller will pay to the buyer the differences between the current value of an asset (a security, instrument, basket or index) and its value at contract time. If the difference is negative, then the buyer pays instead to the seller.

CFDs allow investors to take synthetic long or synthetic short positions with a variable margin component, which unlike future contracts, have no fixed expiry date or contract size. Unlike shares, with CFDs the buyer is potentially liable for far more than the amount they paid on margin.

Interest Rate Risk. The Firm may invest in bonds and other fixed income securities, which could be a significant influence on the portfolio’s value due to changes in the general level of
interest rates. If interest rates fall, the value of the portfolios’ shares will tend to rise. If interest rates rise, the value of the portfolios’ shares will tend to fall. Depending on a portfolio’s holdings, short-term interest rates can have a different influence on a portfolio’s value than long-term interest rates. If a portfolio invests primarily in bonds and other fixed-income securities with longer-term maturities, the biggest influence on the portfolio’s value will be changes in the general level of long-term interest rates. If the Firm invests primarily in bonds and other fixed-income securities with shorter-term maturities, the biggest influence on the portfolios’ value will be changes in the general level of shorter-term interest rates.

**Exchange Traded and OTC Derivatives.** From time to time, the Firm or its affiliates may engage, on behalf of its clients in various types of over the counter and exchange traded derivative products when appropriate for certain investment transactions. Some of these may include:

- Futures contracts (both deliverable and cash-settled);
- Futures options (which are options over a futures contract);
- Foreign exchange forwards;
- Exchange traded options; and
- Swaps (i.e. total return swaps, CFD swaps, credit default swaps, synthetic securities, etc.).

**Hedging Risk.** Using derivatives for hedging may not always work and it could limit a portfolio’s potential to make a gain.

**Pricing Risk.** The price of a derivative may not accurately reflect the value of the underlying currency or security.

**Differences in Client Performance Results.** There may be differences in client performance results for any given strategy based upon factors such as the amount of the investments made for each client account and the timing associated with when such investment is made.

**Risk Characteristics of the Trading Strategy.** The risk characteristics for an actual portfolio for any given strategy (standard deviation, beta, Sharpe Ratio, etc.) could vary substantially from those shown for a model analysis. There is no assurance that any desired risk characteristics will actually be achieved for an actual portfolio following any given strategy. This is particularly the case since the Firm may invest in real estate investments that are neither REIT nor REOC interests.

**Risks of Exchange Traded Derivatives and Foreign Exchange Contracts.** Derivatives and foreign exchange contracts have certain risks associated with them. Some of the more common risks are:

- **Liquidity risk management:** the risk that a responsible party may not be able to, or cannot easily, unwind or offset a particular position at or near the previous market price
- **Exchange rate risk:** the risk of losses due to adverse moves in exchange rates
- **Market risk:** Basis risk, a related form of market risk that is relevant to derivative management. This is the risk that a derivative position held will not move in line with an underlying physical position from which its value is derived
• **Counterparty risk**: the risk that a counterparty (the other party with whom a derivative contract is made) fails to perform their contractual obligations (that is, defaults either in whole or in part) under a contract

• **Operational risk**: the risk that deficiencies in the effectiveness and accuracy of the information systems or internal controls will result in material loss

**Reliance on Portfolio Models.** If there is an error in the design of a portfolio model that is not detected, there is a risk that client accounts would not be traded in accordance with the clients’ investment objectives.

**Possession of Material Non-Public Information and Contractual Restrictions on Trading.** The Firm may come into possession of material non-public information (“MNPI”) in connection with securities transactions that would prevent it from buying or selling securities about which the MNPI relates until such time as the information is no longer material or the material information is released publicly. Similarly, the Firm may agree by contract to refrain from trading in certain securities. This can occur, for example, if it buys a security and as a pre-condition to the purchase, the Firm signs an agreement that prevents it from selling the security or buying more of that security, or a related security covered by such agreement, until the restrictions imposed by the agreement expire. Additionally, the Firm may come into possession of MNPI as a result of a securities transaction through discussions with the issuer or by contract. In any of these types of circumstances, the Firm will be bound by applicable law or the contract. In those cases, the Firm will be prohibited from selling an existing position, even if it is declining in value, and the Firm will be prohibited from buying more of that position (or securities of related companies, if covered by an agreement or the MNPI is about related companies) even if the value of such company’s stock is increasing. Accordingly, client accounts could be frozen in a security position for a prolonged period of time, or client accounts could be prevented from owning a security position as a result.

**Cybersecurity Risk.** The Firm and its affiliates collect and store sensitive data in their data centers and on their networks, including proprietary business information and personal information relating to their clients and employees. The secure processing, maintenance and transmission of such information is critical to the Firm’s and its affiliates’ operations. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. A breach could compromise the Firm or its affiliates’ networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims, regulatory proceedings, disruption in operations, or otherwise damage the business of the Firm.

**Item 9 Disciplinary Information**

The Firm is required to disclose any legal or disciplinary events that are material to a client’s or prospective client’s evaluation of the Firm’s advisory business or the integrity of its management. The Firm and its management personnel have no reportable disciplinary events to disclose.
Item 10  Other Financial Industry Activities and Affiliations

As described in Item 4, Heitman Affiliates are registered as investment advisers and broker dealers. The Firm’s affiliates conduct the following business activities:

- Heitman International Real Estate Securities GmbH (“HIRES GmbH”) and Heitman International Real Estate Securities HK Limited (“HIRES HK”) are SEC registered investment advisers that manage portfolios composed principally of publicly traded equity securities of real estate investment trusts and other real estate related securities. HIRES GmbH is also registered with the Federal Financial Supervisory Agency and Deutsche Bundesbank in Germany. HIRES HK is also registered with the Securities and Futures Commission (“SFC”) in Hong Kong.

- The Firm may employ HIRES GmbH and/or HIRES HK, which are Heitman Affiliates, as discretionary subadvisers or non-discretionary service providers for Global and Prime Strategies. When the Firm employs any Heitman Affiliate as a discretionary subadviser or non-discretionary service provider, the Firm pays the Heitman Affiliate a pro-rata share of the portfolio management fee that it collects and clients are not responsible for any additional fees.

- From time to time, HIRES GmbH and HIRES HK will draw upon the market research capabilities of the Firm’s parent in making its portfolio selections.

- HIRES Research Limited provides research services to HIRES GmbH.

- Heitman UCITS, a societe d'investissement a capital variable (investment company with variable capital) is incorporated as a societe anonyme under the laws of Luxembourg, and is structured as an umbrella fund (“Heitman UCITS”). Heitman Global Prime is a Sub-Fund under Heitman UCITS. HIRES GmbH, a Heitman Affiliate, serves as the investment adviser to Heitman UCITS. The Firm and HIRES HK are subadvisers to the Global Prime Sub-Fund. Heitman UCITS is regulated by the Commission de Surveillance du Secteur Financier (“CSSF”) in Luxembourg.

- Heitman Securities LLC (“HSL”) is a registered broker dealer and member of the Financial Industry Regulatory Authority. Heitman UK Limited (“HUK”) is a broker dealer registered with the United Kingdom’s Financial Conduct Authority (“FCA”). Heitman HK Limited (“HHK”) is licensed as a placement agent by the SFC. Heitman International Real Estate Securities Pty Limited (“HIRES Pty”) is licensed with the Australian Securities and Investments Commission to provide advice and deal in financial products. From time to time, the Firm or its affiliates may utilize the services of HSL, HUK, HHK or HIRES Pty for security offerings of Heitman Funds. The broker dealers will not engage in any transactions involving publicly traded real estate securities.

- Several personnel of the Firm and Heitman Affiliates are registered representatives or approved persons of these registered broker dealers. These persons do not receive direct compensation for their broker dealer or placement agent duties.

- Heitman Capital Management (“HCM”), Heitman International LLC (“HI”) and Heitman International HK Limited (“HI HK”) are private equity investment advisers that are registered with the SEC. HI HK is also registered with the SFC in Hong Kong. These entities conduct global advisory business managing private equity real estate investments for pooled investment vehicles and separate account clients.
• Heitman Management Company S.a.r.l. ("HMC Sarl") is a wholly owned subsidiary of Heitman International S.a.r.l. ("HI Sarl"). HMC Sarl is registered with the CSSF as an alternative investment fund manager ("AIFM") under the Alternative Investment Fund Managers Directive ("AIFMD"), which was promulgated by the European Union. In accordance with the requirements of the AIFMD, HMC Sarl acts as the AIFM for certain Heitman sponsored funds that have been established in Luxembourg and provides investment management functions (i.e., risk management and portfolio management), administration and oversight of the marketing functions for these funds.

• Heitman Germany GmbH is a Heitman Affiliate that operates as an asset manager and supervises third party property managers that provide services to properties owned by Heitman clients. There is no additional fee charged to the client for these services.

• Heitman International – Japan Branch ("HI Japan Branch") is a branch of HI, located in Tokyo, Japan. HI Japan Branch acts as an operational liaison and assists in various reporting, client service and marketing and investment oversight matters for Heitman clients and investments that are in the Asia Pacific region generally and Japan, in particular. Further, this entity provides non-discretionary advice to the Firm and its affiliates. In accordance with Japanese law, HI Japan Branch is registered with Kanto Local Finance Bureau, which has delegated administrative responsibility and oversight for this branch to the Financial Services Agency of Japan.

• Certain officers of Heitman Affiliates that are located in Japan also act as officers of the general partners of certain Heitman Funds. In these instances, the officers are permitted under local Japanese law to market interests in those Heitman Funds to qualifying investors that are located in Japan. These individuals do not receive any direct commissions or other special compensation in connection with these activities.

• Heitman International – Seoul Branch ("HI Seoul Branch") is a branch of HI that is located in Seoul, South Korea. HI Seoul Branch conducts basic client service and relationship oversight activities, such as building Heitman’s name/brand recognition in the geographic region and acting as the relationship manager and liaison in respect to existing Korean based clients.

• The Firm’s parent provides certain central office support functions such as compliance and anti-money laundering monitoring, human resources, information technology, and other similar enterprise wide activities.

In the event that any of its affiliations present potential conflicts of interest, the Firm will either resolve the conflict of interest or follow established written policies and procedures for disclosing such conflicts of interests to its clients.

Other pooled investment vehicles

As described in Item 4, Heitman Affiliates create limited partnerships or similar pooled investment vehicles referred to as “Heitman Funds” and “Client SPV Entities.” Heitman Affiliates serve as investment adviser to such entities. As described earlier in this section, the affiliates solicit investors for these pooled investment vehicles through affiliated broker dealers. Further, unaffiliated third parties may, in some cases, solicit investors to invest in these entities, as described in Item 14.
Item 11  Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Firm has adopted a Code of Ethics (the “Code”), which sets forth standards of business conduct required of all of its officers, managers and employees and requires its employees to maintain integrity and ethical dealings with clients and comply with all applicable laws and regulations of the various jurisdictions in which the Firm operates. The Code includes the establishment and enforcement of policies and procedures reasonably designed to prevent the misuse of material, nonpublic information.

The Firm and its personnel owe a duty of loyalty, fairness, and good faith to its clients and have an obligation to adhere to the specific provisions of the Code as well as the general principles that guide the Code.

The Firm designed the Code to ensure that the personal securities transactions, activities, and interests of its employees will not interfere with: (i) making decisions in the best interest of clients, and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

The Code includes policies and procedures for the review of quarterly securities transactions reports and initial and annual securities holdings reports submitted by all of the Firm’s Access Persons and their Family Members. The Code requires the prior approval or prohibition of certain securities transactions. It also contains oversight, enforcement, and recordkeeping provisions.

Further, Access Persons certify on a quarterly basis and Supervised Persons certify on an annual basis that they have complied with the requirements of the Code. In addition, the firm has implemented mandatory compliance training that is conducted periodically throughout the year. Compliance topics address policies applicable to all employees of the Firm, such as review of the Code, privacy and anti-money laundering.

It is possible that “related person(s)” will have an interest or position in certain securities that the Firm recommends to a client.

The Firm’s express policy is that no employee may purchase or sell any security prior to implementing a transaction for an advisory account. This policy is intended to prevent employees from benefitting financially from transactions placed on behalf of advisory accounts.

The Code further includes the Firm’s policy prohibiting the use of material nonpublic information. It informs all employees that such information cannot be used in any capacity.

A copy of the Firm’s Code of Ethics is available to its advisory clients and prospective clients. Clients may request a copy by email sent to molly.nelson@heitman.com or by calling +1-312-912-6658.

As an investment adviser, the Firm has fiduciary responsibilities with respect to each of its clients. This means that the Firm is required to act in each client’s best interests and to deal with client assets in such a manner as to benefit the client. Compliance with the Firm’s fiduciary
duty can be achieved by trying to avoid conflicts of interest and by fully disclosing all material facts concerning any conflict that may arise with respect to any client. The Firm’s employees are required to try to avoid situations that have even the appearance of conflict or impropriety.

Senior officers of the Firm (or their functional equivalent) may also be senior officers or “related persons” of affiliated investment advisers and/or limited partnerships and other similar entities that serve in the capacity of or in a similar capacity to a General Partner of the Heitman Funds. The General Partner has designated the Firm or an affiliate of the Firm as having primary responsibility for investment management and administrative matters, such as accounting, tax and periodic reporting, that pertain to the entities. The Firm and its affiliates and their managers, officers and employees will devote to the entities as much time as necessary and appropriate to manage the entities’ business. However, the Firm and its affiliates form additional investment funds, enter into other investment advisory relationships, and engage in other business activities, even though such activities may be in competition with the entities and those other activities may involve substantial time and resources of the Firm and its affiliates. Potentially, such activities could be viewed as creating a conflict of interest in that the time and effort of the Firm’s management personnel and employees will not be devoted exclusively to the business of the entities but allocated between the businesses of the entities and those of the Firm’s other affiliates.

Certain entities (“Firm Related Entities”) have been established by the Firm’s affiliates to invest in commingled funds or other real estate related investment vehicles sponsored or created by the Firm’s parent entity or one of its direct or indirect subsidiaries (“Investment Entities”) to develop, acquire, own and/or operate, finance, and ultimately sell interests in office, multi-family residential, industrial, specialty sector, and/or retail properties located principally in North America, Europe and the Asia Pacific region. The beneficial owners of the Firm Related Entities, in all cases, consists of past and present employees of the Firm’s parent entity or a Heitman Affiliate.

Item 12 Brokerage Practices

Selection of Brokers

Ongoing portfolio management decisions for discretionary accounts are made by the Firm, including the commission rates at which transactions for client accounts will be effected, with the objective of obtaining the most favorable price and market for the execution of each transaction.

In seeking best execution, the Firm evaluates a wide range of criteria before placing a trade with a broker or dealer, including the broker’s commission rates, execution capability, positioning and distribution capabilities, back office efficiency, ability to handle difficult trades, financial stability and prior performance in serving the Firm and its clients. Once the Firm has considered a broker or dealer’s ability to provide a favorable price and best execution, the Firm considers whether the broker can provide certain eligible investment research and/or brokerage services.
Commission Sharing

The Firm as a matter of policy utilizes research, research-related products and other brokerage services on a commission sharing basis. The Firm’s commission sharing policy is to make a good faith determination of the value of the research products or services in relation to the commissions paid. The Firm maintains commission sharing arrangements for those research products and services that assist the Firm in its investment decision-making process.

The Firm and/or affiliated public securities investment advisers have agreements with several brokers to obtain, in return for directing to such brokers securities transactions for which commissions are paid, various research products and services eligible pursuant to the safe harbor provision of Section 28(e) of the Securities Exchange Act of 1934, as amended. Certain of these agreements provide for “commission sharing” credits whereby the commissions paid by the Firm create credits which the broker uses to provide third party research products or services to the Firm. The Firm may also enter into “pooled commission programs” whereby a commission sharing credit pool will be generated from total commission costs. The Firm can then exchange eligible research products and services from credits that accumulate within this pool. Over the past several years, the Firm has obtained and may continue to obtain various eligible services in exchange for commission sharing credits.

To the extent these uses are not all considered strictly research-related (i.e., a “mixed-use” product), the Firm makes an appropriate allocation of the cost between that portion which is eligible as a research or brokerage service and that portion which is not so qualified. The portion eligible as a research or brokerage service will be paid for with discretionary client commissions and the portion, which is not eligible for the safe harbor under Section 28(e) of the Securities Exchange Act of 1934, will be paid for with Firm’s own funds. For any mixed-use products or services, the Firm maintains appropriate records of its reviews and good faith determinations of its reasonable allocations.

Clients should be aware that the Firm might have a conflict between its obligations to obtain the best price and execution of the fewest necessary securities transactions and its desire to acquire research services with commission sharing from brokers. The Firm may also have an incentive to minimize its allocation of the mixed-use category, from the 100% commission sharing category since the portion of mixed-use assets allocated to hard dollars increases the Firm’s expenses in the amount of the hard dollars.

Notwithstanding agreements with brokers to obtain research and brokerage services, the Firm will not direct commissions to brokers in recognition of their having provided research, statistical or other related services in excess of commissions that other qualified brokers would have charged for handling comparable transactions. However, subject to the requirement of seeking best execution, the Firm may, in circumstances in which two or more brokers are in a position to offer comparable prices and execution, give preference to brokers that have provided research, statistical and other related services to the Firm for the benefit of all of its clients. The Firm may even pay more than the lowest available commission rate in return for brokerage and research products and services, so long as the Firm makes a good faith determination that the amount of commission paid is reasonable in comparison to the value of brokerage and research products and services provided.
The brokers with whom the Firm has such agreements may change from time to time. The Firm has arrangements with many broker dealers. The Firm considers which broker dealer is best able to execute an order based on the type of order and circumstances surrounding the order. In selecting broker dealers and in negotiating commissions on agency transactions, the Firm considers a number of factors, including, but not limited to: the nature of the security being traded; the size and type of the transaction; the nature and character of the markets for the security to be purchased or sold; the desired timing of the trade; the activity existing and expected in the market for the particular security; confidentiality, including trade anonymity; liquidity; the quality of the execution, clearance and settlement services; the existence of actual or apparent operational problems of any broker or dealer; and financial stability of the broker or dealer. In addition, the Firm may consider the value of research products or services provided by a broker.

Research and brokerage services received from such brokers and dealers cover a wide range of topics and services including basic economic data, prices of various government securities, company specific information including the EDGAR filings of securities issuers, economic indices, economic outlook, political environment, demographic and social trends, industry analysis, electronic communication of allocation instructions and trade routing.

Brokerage and research services obtained with commission sharing credits are not necessarily utilized for the specific account that generated the credit. The Firm does not attempt to allocate the relative costs or benefits of brokerage and research services among clients because it believes that, in the aggregate, the brokerage and research services it receives benefits clients and assists the Firm in fulfilling its overall duties to its clients.

The Firm may use the products or services provided or paid for by broker dealers in return for execution of securities transactions to service all accounts managed by the Firm and its affiliates, including clients of affiliated advisers, and not just the accounts whose transactions paid for particular products or services. Moreover, it is possible that the accounts whose transactions generate brokerage commissions that are used to pay for products or services may not benefit in any way from them. However, the Firm expects that each client will benefit overall by this practice because each receives the benefit of research services that it might not otherwise receive. To the extent the Firm uses broker dealers that generate commission sharing credits in order to supply it with research; this constitutes a potential conflict of interest since the Firm may be incentivized to utilize those broker dealers in order to minimize research expenses for which it would otherwise be responsible.

The Firm may supply proprietary research to the HLLC Client Service - Marketing and Research groups (collectively, the “Support Group”) if the Support Group uses the proprietary research solely to assist the Firm in carrying out its investment decision-making responsibilities for its clients. Investment decision-making responsibilities refers to the quantitative and qualitative processes and related tools used by the Firm in rendering investment advice to its clients, including, but not limited to, financial analysis, trading and risk analysis, securities selection, asset allocation, and suitability analysis. The commission sharing policy is reviewed at least annually.

**Directed Brokerage**

The Firm discourages requests by clients to direct brokerage transactions to a particular broker.
selected by the client. Although the client may in such circumstances receive products and services from the brokers that benefit the client’s account, the Firm cannot assure the client that it will receive brokerage commissions equally as competitive as the commission rates the Firm has negotiated with its brokers.

Moreover, the client may forego any benefit from savings on execution costs that the Firm has obtained for its other clients due, for example, to such factors as the ability to negotiate lower rates and the volume of transactions. In such instance, the client directing the brokerage may receive different prices on executions in the same security for the same transaction effected through other brokers. Even if the Firm has limited discretion in selecting brokers for these clients, the Firm will monitor best execution to confirm rates are reasonable and will notify clients if they could be paying less by not directing brokerage.

**Global Strategy Accounts**

For certain Global Strategy, Prime and Prime Select accounts, the Firm may retain affiliated advisers to make the investment decisions with respect to publicly traded real estate securities principally in Europe and the Asia Pacific region. The Firm may also delegate brokerage discretion for certain Global Strategy, Prime and Prime Select accounts to the affiliated advisers and, therefore, the affiliated advisers will have the discretionary authority to determine which broker dealers will be used when purchasing and selling principally European and Asia Pacific securities on behalf of those accounts. For certain other Global Strategy, Prime or Prime Select accounts, the Firm may retain the affiliated advisers to make investment recommendations with respect to publicly traded real estate securities principally in Europe and the Asia Pacific region; however, in these instances, the Firm retains investment discretion and brokerage delegation responsibilities.

In selecting brokers to effect purchase and sale transactions, affiliated advisers take into consideration a number of factors, including the overall best execution results to a client, the broker’s commissions, financial strength, stability, trade efficiency and other factors.

For trades executed in a currency other than the account’s base currency a Spot FX transaction is necessary to facilitate trade settlement. The Firm will generally use an unaffiliated third party to execute those Spot FX transactions.

**Order Execution and Allocation**

The Firm often purchases and sells the same security at the same price and time for more than one client because: (i) the Firm typically makes similar trade recommendations for similar strategies that it manages, (ii) the Firm only recommends a limited number of real estate related securities, and (iii) numerous clients have similar investment objectives and similar portfolios. The Firm generally allocates orders among participating accounts on a pro rata average price basis. Consistent with its best execution obligations and the terms of its investment advisory agreements, the Firm will typically aggregate or “bunch” multiple client orders for the purchase and sale of the same security and allocate such transactions as previously described with each participating client’s proportionate share of such order, reflecting the average price paid or received with respect to the total order placed for that day. Aggregate or bunched transactions may result in better prices, including lower commission costs and/or better execution for larger orders than single orders with smaller volumes. Under special circumstances, the Firm will use
a rotational method of placing and aggregating client orders and will build and fill positions for a designated client or group of clients before placing orders for other clients. Clients that request the Firm direct trades to a particular broker may not benefit from aggregate transactions. The Firm has implemented compliance policies and procedures to test client accounts on a regular basis to ensure that investment opportunities are allocated over time in a fair and equitable manner.

**Trade Allocation**

The Firm has implemented compliance policies and procedures to test client accounts on a regular basis to ascertain whether any accounts are being treated unfairly. For example, Compliance regularly reviews partial trade allocations to confirm that one category of clients is not being advantaged or disadvantaged, and the portfolio manager(s) reviews performance dispersion, which may occur over time among accounts with a similar strategy. Proprietary accounts and accounts that have a performance-based fee are treated the same as other client accounts when trade allocations are made, unless otherwise prohibited by regulation.

IPOs and secondary offerings ("Offerings") of securities frequently are of limited size and limited availability. The Offerings may also become "hot issues," which are offerings that trade at a premium above the initial offering price.

In the event the Firm participates in an Offering, the Firm's policy and practice is to allocate shares in the Offering fairly and equitably on an overall basis among clients eligible for participation according to a specific and consistent basis so as not to advantage any Firm, personal or related account and so as not to favor or disfavor any client, or group of clients, over any other.

The Firm participates in IPOs or secondary offerings for discretionary accounts.

**Global Strategy Trade Allocation**

Provided each client's investment guidelines are adhered to, affiliated advisers will aggregate similar purchase or sale orders with other client orders so long as such aggregation cannot be reasonably foreseen to result in harm to any client. Aggregation may result in obtaining advantageous selling or purchase prices, brokerage commissions and other expenses and beneficial timing of transactions. Generally, affiliated advisers allocate orders on a pro rata basis.

For client accounts which the Firm has delegated investment and brokerage discretion to the affiliated advisers, the Firm will periodically review the affiliated advisers' trading policies and procedures and trade activities with respect to those client accounts.

**Principal and Cross Transactions**

The Firm and individuals associated with the Firm are prohibited from engaging in principal transactions with clients.
The Firm may, at times, effect an agency cross transaction for an advisory client, provided that the transaction is consistent with the Firm’s fiduciary duty to the client and that all requirements outlined in Rule 206(3)-2 of the Investment Advisers Act of 1940 are met.

Although the Firm does not engage in cross transactions as a normal course of business, it is possible that a broker dealer through whom the Firm places transactions may cross the orders.

**Trade Errors**

In the event any error occurs in the handling of any client transactions, due to Heitman’s actions, or inaction, or actions of others, Heitman’s policy is to seek to identify and correct such errors as promptly as possible.

**Item 13  Review of Accounts**

**Portfolio Management Services**

**Reviews.** Both before and after the Firm begins to manage a client’s account, it will utilize strategies for the long-term growth of capital and the generation of income pursuant to the investment objectives as noted in the client’s IMA. Guidelines are established by the Firm based on liquidity, risk and investment potential with respect to price levels and the number of shares purchased or sold. For portfolio management purposes, and to determine transaction strategy based on current market conditions, each discretionary client’s account is reviewed regularly.

In addition to personnel within the Support Group, responsibility for communication with the client rests with the Firm’s employees and officers assigned to such accounts.

**Reports.** In addition to the statements and confirmations of transactions that clients receive from their custodians, the Firm will provide monthly and/or quarterly reports summarizing performance, balances and holdings pursuant to the obligations set forth in each client’s IMA. The Firm will provide reports on a more frequent basis to discretionary separate account clients upon request.

**Item 14  Client Referrals and Other Compensation**

The Firm engages solicitors from time to time to assist in obtaining assignments with clients. In return for these services, the Firm (and not the client) compensates the solicitor out of its investment management fee. The Firm discloses such referral arrangements to its clients as required by applicable law.

Whenever the Firm pays a referral fee to a soliciting party, it requires the solicitor to provide the prospective client with a copy of this Brochure and a separate disclosure statement that includes the following information:

- The solicitor’s name and relationship with the Firm;
- The fact that the Firm pays the solicitor a referral fee;
• The amount of the fee; and
• Whether the Firm will charge the client an increase above its normal fees to compensate the solicitor.

As a matter of Firm practice, the advisory fees paid by solicitor-referred clients are not increased as a result of the referral.

As described in Item 10, the Firm may use Heitman Affiliates for security offerings of Heitman Funds. Additionally, the Firm’s parent has engaged an external placement agent to solicit new business on behalf of the Firm and its affiliates in Germany. This placement agent markets the Firm's and its affiliates’ investment management capabilities to prospective qualified investors in this jurisdiction. There is no economic impact to those clients that are obtained with the assistance of this placement agent, as any fees due are paid by the Firm or Heitman Affiliate out of advisory fees received.

Further, it is the Firm’s policy not to accept or allow its “related persons” to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services it provides to its clients.

**Item 15 Custody**

In addition to the periodic statements that clients receive directly from their custodians, the Firm also sends account statements directly to its clients on a monthly and/or quarterly basis. The Firm urges its clients to compare the information provided on these statements carefully to ensure that all account transactions, holdings and values are correct and current.

The Firm does not have actual or constructive custody of securities or cash.

**Item 16 Investment Discretion**

Clients generally engage the Firm to provide discretionary asset management services, in which case, the Firm places trades in a client’s account without contacting the client for their permission prior to each trade.

The Firm’s discretionary authority includes the ability to do the following without contacting the client:

• Determine the security to buy or sell; and/or
• Determine the amount of the security to buy or sell; and/or
• Determine the broker and price and commission related to the security bought or sold.

Clients will generally give the Firm discretionary authority when they sign an IMA with the Firm and may limit this authority by giving it additional written instructions. Clients may also change or amend such limitations by providing the Firm with written instructions. The Firm will not begin the management of client assets without a written IMA.
Item 17  Voting Client Securities

Clients may obtain a copy of the Firm's complete proxy voting policies and procedures by contacting the individual designated on the first page of this Brochure. In addition, clients may request, in writing, information on how proxies for its shares were voted. If any client makes such a request, the Firm will promptly provide such information.

The Firm will vote proxies unless the IMA specifically requests that the proxies be forwarded to the client for processing. To direct the Firm to vote a proxy in a particular manner, clients should contact the individual designated on the first page of this Brochure.

The Firm utilizes the services of an independent unaffiliated proxy voting recommendation firm. The proxy firm is responsible for: notifying the Firm in advance of the shareholder meeting; providing the appropriate proxies to be voted; providing independent research on corporate governance, proxy and corporate responsibility issues; recommending actions with respect to proxies; and maintaining records of proxy statement received and votes cast. Pursuant to the Firm's Proxy Voting policy, the voting recommendations from the proxy voting firm are deemed to be in the best interest of the shareholders. The Firm's policy is to follow the proxy firm's recommendations unless compelling reasons not to do so are identified and approved by the Firm's Proxy Voting Committee.

Clients can instruct the Firm to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. Clients can also instruct the Firm on how to cast their vote in a particular proxy contest by contacting William Pogorelec at +1-312-425-0671.

Item 18  Financial Information

The Firm does not require or solicit payment of fees in advance of services rendered. Therefore, the Firm is not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, the Firm is also required to disclose any financial condition that is reasonably likely to impair its ability to meet its contractual obligations. Other items of this Brochure have disclosed all of the conditions that are likely to affect the Firm’s contractual obligations with respect to its clients. The Firm has no such additional financial circumstances to report.

The Firm has not been the subject of a bankruptcy petition at any time.