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# Axiom Investment Management, LLC

780 Third Avenue, 43<sup>rd</sup> Floor

212-521-3800

January 31, 2014

This Brochure provides information about the qualifications and business practices of AXIOM INVESTMENT MANAGEMENT, LLC [“AIM”]. If you have any questions about the contents of this Brochure, please contact us at 212-521-3800 and/or [aim@axiomcapital.com](mailto:aim@axiomcapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

AIM is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about AIM also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated January 31, 2013 is an amended document prepared according to the SEC’s new requirements and rules. The previous update was dated January 20, 2012. This Document is not materially different in structure than the previous update, but does contain new information that our previous brochure did not.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. In order to be environmentally conscience, in most cases we will offer clients the opportunity to receive this brochure and any subsequent brochures electronically on an annual basis. Generally, a client’s March quarterly statement will contain an offer to receive a brochure and how to contact the firm.

Currently, our Brochure may be requested by contacting Eric Miller or Maria Wilson DiChiara at 212-521-3800 or [emiller@axiomcapital.com](mailto:emiller@axiomcapital.com) or [mwilson@axiomcapital.com](mailto:mwilson@axiomcapital.com).

Additional information about AIM is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with “ADVISER” who are registered, or are required to be registered, as investment adviser representatives of the “ADVISER”.

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#### **Item 4 – Advisory Business**

Axiom Investment Management LLC provides asset allocation and investment management services on a discretionary basis to individuals and other clients regarding securities in accordance with such client's investment objectives and financial circumstances and AIM's own investment and allocation methodologies.

AIM's related person and affiliate Axiom Capital Management, Inc. ("Axiom Capital"), a broker-dealer registered with the Securities and Exchange Commission ("SEC"), acts as a broker-dealer with respect to client transactions and is compensated in such capacity by receiving commissions and similar transaction charges. As an adviser, AIM generally charges an annual management fee, generally payable quarterly in advance and may also charge performance-based compensation, generally payable annually in arrears.

Edmund Finder, a Managing Director of AIM, and advisory personnel under his supervision, conduct their advisory services for AIM under the name "Starfinder Financial Management," which is a division of AIM and fully subject to AIM's oversight. Advice rendered by Mr. Finder and advisory personnel under his supervision is rendered on behalf of AIM. Starfinder Financial Management is not a separate entity.

Jay Harris, is an employee of AIM, and advisory personnel under his supervision, conduct their advisory services for AIM under the name "Goldsmith & Harris" which is a division of AIM and fully subject to AIM's oversight. Advice rendered by Jay Harris and advisory personnel under their supervision is rendered on behalf of AIM. Goldsmith & Harris is not a separate entity.

Douglass Loud and Jeffrey Mossari, are employees of AIM, and advisory personnel under their supervision, conduct their advisory services for AIM under the name of AIM. Assets managed by Douglass Loud and Jeffrey Mossari under AIM are overseen by AIM. Additionally, Douglass Loud and Jeffrey Mossari manage assets under the name of "GREYSTONE ASSET MANAGEMENT LLC" ("Greystone"). Assets managed by Douglass Loud and Jeffrey Mossari under Greystone are NOT overseen by AIM. Greystone is a separate a distinct registered investment adviser.

As stated above, AIM's affiliate Axiom Capital acts in the capacity as a broker-dealer to effect transactions for client accounts. Axiom Capital is registered with the Securities and Exchange Commission and is a member of the FINRA. Employees of AIM are also registered persons of Axiom Capital and are also compensated by Axiom Capital, generally based on commissions earned by Axiom Capital.

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There are risks and potential advantages or disadvantages regarding each Advisory Product. Depending upon a client's investment objectives and financial circumstances, and the amount, type and frequency of transactions, certain Advisory Products may be more advantageous to a particular client than other Advisory Products. For example, accounts with lower advisory fees and greater commissions which trade more actively may be paying greater overall charges than similar account which do not trade as frequently. Clients are free to change at any time to a new Advisory Product.

AIM's overall compensation will change depending upon which Advisory Product is selected and accordingly, depending upon the frequency, amount and type of trading, AIM may have a conflict of interest regarding which Advisory Product is selected by a client. In addition, representatives of AIM, directly and through Axiom Capital, may receive additional or different compensation depending upon the Advisory Product selected by the Client. Accordingly there may be a conflict of interest in that there may be an incentive for representatives to select one Advisory Product over another Advisory Product.

The fee schedules noted in Item 5 are general guidelines and may vary from client to client and advisor to advisor with respect to annual fee percentage, assets under management, commissions, and percent of net profits.

Axiom Capital's standard undiscounted brokerage commissions/transaction costs for client transactions are disclosed to clients, in the form of a commission schedule, prior to or at the time that the client enters into an advisory relationship.

In some instances, a client's account may be traded on margin. As a broker-dealer, Axiom Capital also may receive additional compensation regarding a client's margin account. Use of margin may commence upon receipt of written authorization from the client to do so. A margin account provides for the ability to borrow money from a brokerage firm. As clients of AIM and customers of Axiom Capital, clients utilizing margin are borrowing money from JP Morgan Clearing Corp., Axiom Capital's clearing agent. The amount of money borrowed is charged interest at then competitive rates. These rates can and do change; generally with the change in the Fed Funds and Prime rates. Generally, a portion of margin interest charged will be received by Axiom Capital from its clearing agent. A full explanation of margin and the risks involved can be provided upon written request, or at Axiom Capital's web site ([www.axiomcapital.com](http://www.axiomcapital.com)).

Axiom Capital also may receive additional compensation regarding client credit balances. Credit balances (such as held as cash or in money market funds) will generally earn interest. The amount of interest earned by the client is at then competitive rates. These rates can and do change; generally with the change in the Fed Funds and Prime rates. Generally, a portion of the credit interest earned on client credit balances will be received by Axiom Capital from its clearing agent or the money market funds used for such credit balances.

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Additional fees may be applied or charged to your brokerage account with Axiom Capital for any number of reasons (i.e. settlements other than “regular way”, short debit fees for hard to borrow securities, etc...). Please refer to your customer agreement for explanations of fees.

Additionally, advisory fees and commissions are negotiable at the discretion of AIM, and commissions are negotiable at the discretion of Axiom Capital, depending upon a variety of factors including, among other things, type of Advisory Product offered, amount of assets under management, the overall relationship with the client, other services offered to the client, prior relationship between the client and AIM’s investment managers and the types and extent of trading for the account.

Clients may terminate advisory services at any time without penalty generally upon fourteen (14) calendar days prior written notice. Fees charged in advance will be prorated for any partial period upon review and accounting, and will be refunded for any partial period upon termination. Fees charged in arrears will also be prorated for any partial period and charged accordingly.

AIM does not retain the authority to vote proxies. All proxies solicited by management of corporations with respect to the securities that are registered in a client’s name or in nominee’s name for a client will be mailed to the client by the custodian (or forwarded by AIM to the client) for the client to vote. AIM is not required to take any action or render any advice with respect to voting proxies on securities held in any client’s account.

## **Item 5 – Fees and Compensation**

All fees are subject to negotiation.

The specific manner in which fees are charged by AIM is established in a client’s written agreement with the AIM. The AIM will generally bill its fees on a quarterly basis. Clients may elect to be billed in advance or arrears each calendar quarter. Clients may also elect to be billed directly for fees or to authorize the AIM to directly debit fees from client accounts. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

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The AIM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to AIM's fee, and AIM shall not receive any portion of these commissions, fees, and costs unless noted.

AIM offers several different types of advisory products ("Advisory Products"), which vary based on investment style, the amount of AIM's advisory fee and the compensation Axiom Capital receives for acting as broker-dealer. AIM will assist a client in choosing an Advisory Product suitable for such client based on such factors as a client's investment objectives, financial circumstances, anticipated frequency of transactions, and expected types of investments. AIM's standard fee schedules and Advisory Products are as follows:

**Advisory Product #1**

<u>Annual Management Fee</u>	<u>Assets Under Management</u>
2%	First \$0 to \$1,999,999
1.75%	Next \$2,000,000 to \$2,999,999
1.50%	Next \$3,000,000 to \$3,999,999
1.25%	Next \$4,000,000 to \$4,999,999
1%	Next \$5,000,000 +

Commissions to Axiom Capital range from \$0.00 - \$50.00 per transaction, plus service fees which are approximately \$12.95 for each transaction.

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### **Advisory Product #2**

<u>Annual Management Fee</u>	<u>Assets Under Management</u>
1.5%	First \$0 to \$1,999,999
1.0%	Next \$2,000,000 to \$3,999,999
.50%	Next \$4,000,000 +

Commissions to Axiom Capital range from 30% to 50% of full commissions (i.e., 70% to 50% discount) with a minimum charge of \$95.00 (plus service fees which are approximately \$12.95) for each transaction.

### **Advisory Product #3**

<u>Annual Management Fee</u>	<u>Commissions</u>
0%	80% to 100% of Full Commissions (0% to 20% discount)

Commissions-only account type with a minimum charge of \$95.00 (plus service fees which are approximately \$12.95) for each transaction.

### **Advisory Product #4**

Annual management fee of 1% to 1.5% of assets under management, payable monthly or quarterly in advance, and an annual incentive fee of 20% of net profits (realized and unrealized), payable quarterly or annually in arrears. Commissions to Axiom Capital for this type of account will generally range between three and six cents (.03 to .06) or ¼ % to 4 ½ % per share plus applicable service fees which are approximately \$12.95 for each transaction. All performance-based compensation is charged in conformity with Rule 205-3 under the Investment Advisers Act of 1940.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

In some cases, AIM may enter into performance fee arrangements with qualified clients: such fees are subject to individualized negotiation with each such client. AIM will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisers Act of 1940 (The Advisers Act) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, AIM shall include realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive for the AIM to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive



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to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. AIM has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients. Please see “**Advisory Product #4**” below and also mentioned in Item 5 above.

#### **Advisory Product #4**

Annual management fee of 1% to 1.5% of assets under management, payable monthly or quarterly in advance, and an annual incentive fee of 20% of net profits (realized and unrealized), payable quarterly or annually in arrears. Commissions to Axiom Capital for this type of account will generally range between three and six cents (.03 to .06) or ¼ % to 4 ½ % per share plus applicable service fees which are approximately \$12.95 for each transaction. All performance-based compensation is charged in conformity with Rule 205-3 under the Investment Advisers Act of 1940.

Certain supervised persons employed by the AIM may manage accounts that are charged a performance-based fee while simultaneously manage accounts that are charged another type of fees, such as a flat fee or an asset-based fee. These types of advisory products are described in more detail, including fees under Section 5 above. These employees may face conflicts of interest, Conflicts of interest may include the following: Performance based fee arrangements may create an incentive for the AIM to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. AIM has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

#### **Item 7 – Types of Clients**

AIM provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, trusts, Taft-Hartley plans, charitable institutions, foundations, endowments, trust programs, 401k plans, IRA and retirement type vehicles, and other U.S. and international institutions. Minimum balances required to open an account vary from adviser to adviser.

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## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

Each Adviser's investment strategy is dependent on a client's needs and requirements. These strategies all involve investments in many different types of securities within various types of markets. Investing in securities involves risk of loss that clients should be prepared to bear. Please be advised that any investment in the derivative (i.e. options), managed product (i.e. ETF's), hedge fund, private placement, equity or debt securities markets entails risks including the potential loss of your entire investment, and if you maintain a margin account, a significant increase in risks may occur, including an amount greater than the value of the account (i.e. negative equity). Active trading may also generate increased transaction costs. What are the risks associated with the use of margin? You can lose more than you have invested; You may have to deposit additional cash or securities into your account on short notice to cover market losses and/or a decrease in your account's equity value; If you are unable to deposit additional cash or securities into your account, you may be forced to sell some or all of your securities when falling stock prices reduce the value of those securities; and your adviser may be forced to sell some or all of your securities, with or without notice, when falling stock prices reduce the value of those securities, and you are unable to meet a margin or house call in a timely manner.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of AIM or the integrity of AIM's management. AIM has information applicable to this Item.

You can search for an investment adviser firm online and view that firm's Form ADV. Investment advisers file Form ADV to register with the SEC and/or the states. Form ADV contains information about an investment adviser and its business operations. Form ADV also contains disclosure about certain disciplinary events involving the AIM and its key personnel.

To perform a search on Axiom Investment Management LLC and its key personnel visit: <http://sec.gov/investor/brokers.htm>. If you prefer to use the telephone, call 240-386-4848.

Additionally, each of AIM's representatives are registered with FINRA. Axiom Capital Management, AIMs affiliated broker dealer, is also registered with the SEC and FINRA

FINRA regulates the Broker/Dealer profession, including firms and their associated persons. FINRA BrokerCheck includes information on over 850,000 current and former registered individuals and over 6,000 FINRA registered firms.

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FINRA BrokerCheck is a resource tool to learn about the professional background, registration/license statuses and conduct of FINRA registered firms and their registered brokers. FINRA BrokerCheck was designed to be simple and efficient in its delivery of information. FINRA makes information on securities professionals and firms available online and, in most cases, detailed report information is returned to you by e-mail within minutes of your request.

FINRA BrokerCheck is governed by federal law, Securities and Exchange Commission (SEC) regulations, and FINRA rules approved by the SEC. State disclosure programs are governed by state law, and may provide additional information on brokers licensed by the state.

Information made available through FINRA BrokerCheck is derived from the Central Registration Depository (CRD®) as reported on the industry registration/licensing forms – Form U-4 and Form BD. The Forms are approved by the Securities and Exchange Commission (SEC) and adopted by all self-regulatory and state securities regulators. Also included is regulatory information separately reported to the CRD by the SEC, self-regulatory organizations such as the FINRA and New York Stock Exchange (NYSE), and state securities regulators. The most current information on brokers and firms is made available. Historical information that is no longer reportable on Form U-4 and information contained solely within state records is available only through the appropriate state regulator.

To perform a search on FINRA BrokerCheck visit [www.FINRA.org](http://www.FINRA.org). If you prefer to use the telephone, call 800-289-9999.

## **Item 10 – Other Financial Industry Activities and Affiliations**

As previously mentioned in Item 4, AIM's related person and affiliate Axiom Capital Management, Inc. ("Axiom Capital"), a broker-dealer registered with the Securities and Exchange Commission ("SEC"), and a member of FINRA and the National Futures Association (NFA) acts as a broker-dealer with respect to client transactions and is compensated in such capacity by receiving commissions and similar transaction charges. The executive officers of AIM are also registered persons of Axiom Capital, a broker-dealer affiliate of AIM.

From time to time, it may be appropriate for more than one of the accounts managed by AIM to trade in the same securities at the same time. As a general rule, such orders are combined (or bunched), along with orders of brokerage customers in the same securities at the same time for which Axiom Capital acts as broker-dealer, and allocations among AIM's clients acquiring the same securities on the same day are effected on a pro rata basis, based on the relative value of the accounts, or otherwise based on an allocation amount determined at the time of the order. Orders

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for accounts of AIM's principals, directors, officers, employees and/or affiliates ("Related Accounts") are generally not included in such combined or bunched orders and generally are effected after such client and customer orders. Trading by Related Accounts is subject to AIM's personal trading policy. See also Item 9B/E. If the orders are combined (or bunched), each of the participating accounts will have their same day orders filled on an average price basis (such that each receives the same price). While AIM's goal is to be fundamentally fair on an overall basis with respect to all clients, there can be no assurance that on an overall or trade-by-trade basis any particular client or customer will not be treated more favorably than another. Although client accounts are given priority over Related Accounts, there can be no assurance that for any particular trade (or overall) that any particular Related Account may not receive a more favorable price.

Given AIM's different Advisory Products, which have differing commission costs, with respect to bunched orders, there may be different commission costs charged to each client within a bunched order depending upon the Advisory Product that the client has selected. Therefore, one client may be paying a higher transaction cost than another client within the same bunched order.

## **Item 11 – Code of Ethics**

AIM has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at AIM must acknowledge the terms of the Code of Ethics annually, or as amended.

AIM anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which AIM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which AIM, its affiliates and/or clients, directly or indirectly, have a position of interest. AIM's employees and persons associated with AIM are required to follow AIM's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of AIM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for AIM's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of AIM will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code

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certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of AIM's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between AIM and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with AIM's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. AIM will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

AIM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting [Contact Person].

It is AIM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. AIM will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

AIM's Code of Ethics is available upon request by contacting the Compliance Department at 212.521.3800

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## Item 12 – Brokerage Practices

Pursuant to discretionary authority granted to it, AIM may select brokers to effect transactions and considers a number of factors in doing so. These include, among other things and to the extent applicable, financial stability and responsibility; reliability; reputation; price/commission rate; success of prior research recommendations; ability to effect trades, particularly with regard to such aspects as timing, order size and execution of order; nature and frequency of sales coverage; and responsiveness to AIM.

In selecting brokers, AIM also will consider the value of the following, either provided by the broker, or paid for by the broker (either by cash payments or by commissions) to be provided by others: brokerage (such as clearing, order routing, custodial and settlement services); research, research capabilities, and research products and services (collectively, “Research,” described below); and depth and extent of other services, products and facilities, including office space, telephone service (both local and long distance), office equipment (such as facsimile machines, computer terminals and copiers), account recordkeeping and other back office products (such as software), processing capabilities and services (such as implementing tax withholding, pricing, and reporting to auditors).

Research may include, among other things, proprietary research from broker, which may be written or oral. Research products and services may include, among other things, research concerning market, economic and financial data, a particular aspect of economics or on the economy in general, statistical information, data on pricing and availability of securities, financial publications, electronic market quotations, performance measurement services, analyses concerning market, economic and financial data, and analyses concerning specific securities, companies, industries or sectors and market, economic and financial studies and forecasts. Research services may be in written or oral form or on-line.

AIM does not adhere to any rigid formulas in selecting or making suggestions regarding brokers, but weighs a combination of the preceding criteria. Recognizing the values of these factors, AIM may select a broker who charges brokerage commissions in excess of that which another broker might have charged for effecting the same transaction. In connection therewith, AIM will make a good faith determination that the amount of commission is reasonable in relation to the value of the Research and other products and services received, viewed in terms of either the specific transaction or AIM’s overall responsibility to its clients. AIM regularly evaluates its brokerage suggestions and the reasonableness of commissions paid by its clients. The extent to which commission rates or net prices charged by brokers reflect the value of Research provided and other products and services received cannot be readily determined. AIM’s expenses could

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increase materially if it attempted to generate such additional information and services on its own.

In selecting brokers to execute transactions, AIM need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost to be charged by the brokers it selects. Because brokers are selected based on factors other than “execution only” commission rates, a client may be deemed to be paying for other products and services, including Research, provided by the broker which are included in the commission rate. Research and other products and services may be used by AIM in servicing some or all of AIM’s clients. In exchange for the direction of commission dollars to certain brokers, credits may be generated which may be used by AIM to pay for the products and services provided by, or paid for by, such brokers. To the extent that such credits are generated or such products and services are obtained, AIM will be receiving a benefit by reason of the direction of commissions. In addition, some Research and other products and services may not necessarily be used by AIM in servicing the clients whose commission dollars provided for the Research. Clients may not, in any particular instance, be the direct or indirect beneficiary of the Research or other products and services provided.

Some clients may direct AIM to effect securities transactions for their account through a particular broker. As a result, to a certain extent, non-directing clients subsidize Research provided by brokers to whom transactions have been directed by clients since the commission dollars generated by transactions for such directing clients are not available to pay for Research or other products and services that may be received from other brokers.

The client who directs AIM to use a specific broker or type of broker may pay higher commission rates or receive less favorable execution on some transactions than non-directing clients at least in part because the directed broker may maintain a higher commission schedule or provide less favorable service or because such transactions may be excluded from combined or block orders and any corresponding economies of scale. In such situations, transactions for such clients may also not be executed until after transactions for clients who do not direct AIM to use a specific broker have been executed. In instances where the client directs AIM to use a specific broker, the commission rate may be negotiated by the client or by AIM depending upon the arrangement or instructions from the client.

AIM may use or select brokers, including its affiliate Axiom Capital, that have referred or may refer clients to it, which may include brokers that clients direct AIM to use. If the broker to be used by AIM has referred the client or other clients, or may refer clients, to AIM, AIM may have a potential conflict of interest between its duty to obtain best execution for a client and its interest in receiving future referrals. A client who is referred to AIM by a particular broker may instruct AIM to use that broker or a different broker to effect transactions for the client’s account. Commission rates charged by brokers that refer clients to AIM or by brokers that



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clients direct that AIM use may be higher or lower than the commission rates charged by other brokers that AIM uses.

In some instances, AIM may receive Research that may be used for both research and non-research purposes. In such instances, AIM will make a good faith effort to determine the relative proportion of the Research used to assist AIM in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other non-research purposes. The proportion of the Research attributable to assisting AIM in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions; the proportion attributable to administrative or other non-research purposes will be paid for by AIM from its own resources. The receipt of “mixed-use” Research and the determination of the appropriate allocation creates a potential conflict of interest between AIM and its clients regarding the brokers it selects.

In some instances, as a broker-dealer, Axiom Capital may receive payment from other broker dealers for order-flow sent. Axiom Capital may receive remuneration in the form of payments for directing orders to designated broker-dealers or market centers for execution. Such remuneration is considered to be compensation to Axiom Capital. All orders are executed at prices equal to or better than the displayed national best bid/offer prices. The source and amount of any compensation received in connection with a transaction and any additional information concerning order-flow payment will be disclosed upon written request, or at Axiom Capital’s web site ([www.axiomcapital.com](http://www.axiomcapital.com)).

AIM’s selection of brokers is guided and/or limited by (i) its responsibility to act as a fiduciary when handling clients’ accounts, and (ii) its obligation, to the extent applicable and subject to the conditions hereinabove specified, to select brokers who offer overall best execution on clients’ trades.

### **Item 13 – Review of Accounts**

The Chief Compliance Officer or designee shall periodically review accounts, compare trades and holdings of Firm Affiliate and performance fee paying advisory client accounts with non-Firm Affiliate and non-performance fee advisory client accounts in an attempt to detect a pattern of trades that systematically favor the Firm Affiliate and performance fee paying advisory client accounts over the other accounts. The reviews are designed to:

- Attempt to identify and flag inconsistent positions between Firm Affiliate and performance fee paying advisory client accounts and other accounts;



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- Attempt to identify and flag inconsistent orders between Firm Affiliate and performance fee paying advisory client accounts and other accounts;
  - Attempt to identify and flag possible front-running;
  - Attempt to identify and flag possible scalping; and
  - Periodically verify that trade allocations and aggregations, and cross trades, met the conditions of the procedures in AIM's Investment Adviser Compliance Manual, and such practices did not systematically favor the Firm Affiliate and performance fee paying advisory client accounts over the other accounts.
  - Periodically verify that trading activity is consistent with client investment objectives whereby clients may periodically receive letters that provide information about recent activity in their account(s) and/or request that a client sign and return a copy of the letter.
  - Attempt to identify and flag inconsistencies with client investment objective and suitability.

#### **Item 14 – *Client Referrals and Other Compensation***

AIM may compensate brokers for referring advisory clients to AIM. Such referral fees generally consist of a percentage of the annual management and/or performance fees earned by AIM on referred clients. Employees of AIM also may be similarly compensated for referrals. All advisory referral arrangements will conform to Rule 206(4)-3 under the Investment Advisers Act of 1940, as applicable.

#### **Item 15 – *Custody***

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. AIM urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

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## **Item 16 – Investment Discretion**

AIM usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, AIM observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, AIM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to AIM in writing.

## **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, AIM does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. AIM may provide advice to clients regarding the clients' voting of proxies.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about AIM's financial condition. AIM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.