

Firm Brochure
(Part 2A of Form ADV-Part 2)

ALBERTS INVESTMENT MANAGEMENT INC.

16655 West Bluemound Road

Suite 290

Brookfield, Wisconsin 53005

Phone: 262-432-2323

Fax: 866-320-4509

Alternate Phone: 262-751-7514

Website: www.albertsinvestment.com

Email: ronalberts@albertsinvestment.com

This brochure provides information about the qualifications and business practices of Alberts Investment Management Inc. ("AIM"). If you have any questions about the contents of this brochure, please contact us at: 262-432-2323, or by email at: ronalberts@albertsinvestment.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about AIM is available on the SEC's website at www.adviserinfo.sec.gov.

March 14, 2017

Material Changes

ANNUAL UPDATE

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

MATERIAL CHANGES SINCE THE LAST UPDATE

Amendment: Material Updates/Changes

No material changes have been incorporated in the brochure since the last annual update to our brochure dated March 21, 2016.

FULL BROCHURE AVAILABLE

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 262-432-2323 or by email at: RONALBERTS@ALBERTSINVESTMENT.COM.

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Advisory Business

FIRM DESCRIPTION

Alberts Investment Management Inc. ("AIM") was founded in 2005.

AIM provides personalized confidential financial planning and investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and small businesses, and municipalities and other government entities. AIM offers customized professional investment management and guidance to individuals and institutions seeking to maximize after-tax total return within well-defined risk parameters. In addition, AIM provides sub-advisory services to investment management firms.

Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

AIM is strictly a fee-only financial planning and investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. Finder's fees or solicitation fees may be paid in some cases, but only if the client agrees to the fees after disclosure.

PRINCIPAL OWNERS

Ronald C. Alberts, Jr. is the only stockholder.

TYPES OF ADVISORY SERVICES

AIM provides investment supervisory services, also known as asset management services; manages investment advisory accounts not involving investment supervisory services; and furnishes investment advice through consultations.

On more than an occasional basis, AIM furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services that often include estate planning.

As of February 28, 2017, AIM manages approximately \$303,700,000 in assets for approximately 172 clients. Approximately \$66,000,000 is managed on a discretionary basis, and \$237,700,000 is managed on a non-discretionary basis.

TAILORED RELATIONSHIPS

The goals and objectives for each client are documented in our client relationship management system. Investment Policy Statements are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent; provided, however, that unless otherwise required by the terms of the agreement, AIM may assign the

agreements using a “negative consent” process whereby the client has no less than 30 days to respond to notice of intended assignment.

TYPES OF SERVICES AND FEES

The following services and fee schedules define the typical client relationships.

A. INVESTMENT SUPERVISORY SERVICES

AIM provides discretionary and non-discretionary investment supervisory services, as well as financial planning and consulting services, to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, business entities, and government entities.

AIM’s investment supervisory services involve providing continuous investment advice to clients, or making investments for clients, based on the individual client needs. The investment services vary depending upon the desires, objectives and other preferences of the client. Such services generally consist of investment research and portfolio management, including the selection of brokers through which transactions on behalf of the client’s account are executed. Additionally, the Adviser may enter into sub-advisory arrangements with other investment advisers. Prior to engaging the Adviser to provide any of the foregoing investment advisory services, the client will be required to enter into a written Investment Advisory Agreement with the Adviser setting forth the terms and conditions under which the Adviser shall render its services.

Investment management styles offered include: actively managed (diversified/balanced, equity, or fixed income) and quarterly rebalanced (diversified/balanced or equity).

In implementing its equity styles, AIM attempts to measure the intrinsic value of each 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. AIM may also use charting, technical analysis and cyclical analysis in the development of its overall investment strategy for a particular client portfolio. Charting is a method in which charts that plot various past activities are used as an indicator of future possible activity. Technical analysis is a method that uses data including, but not limited to, stock pricing, relationships to other stocks and earnings as a method of analyzing future performance. Cyclical analysis is a method that uses the relationship of a certain industry’s performance to other industries in order to analyze the possible future performance of the industry. Investments may include, among other things, common stock, interests in Master Limited Partnerships, and shares of mutual funds which themselves invest in foreign and emerging markets securities and derivatives.

In implementing its fixed income styles, AIM analyzes various factors including sector selection, maturity or yield curve positioning, credit quality, relative value and security selection. Fundamental credit analysis may be used for individual credits or

structures and will generally include an assessment of the issuer's business and strategy, balance sheet, income statement, and cash flow analysis. AIM may also use charting, technical analysis and cyclical analysis in the development of its overall investment strategy for a particular client portfolio. Conventional types of fixed instruments are utilized, and may include high yield debt securities and fixed and variable rate bonds.

In implementing its diversified/balanced styles, AIM uses a blend of stocks, bonds and cash to meet the client's unique needs for income, growth and liquidity.

The annual investment advisory fee is based on a percentage of the market value of the account, according to the following schedules:

Schedule 1- Diversified or Equity- Actively Managed

<u>Market Value of Account</u>	<u>Annual Fee</u>
First \$1,000,000	1.10%
Next \$1,000,000	0.95%
Next \$3,000,000	0.80%
Next \$10,000,000	0.65%
Next \$35,000,000	0.50%
Over \$50,000,000	Negotiable

Schedule 2- Diversified or Equity- Quarterly Rebalanced

<u>Market Value of Account</u>	<u>Annual Fee</u>
First \$500,000	1.00%
Next \$500,000	0.88%
Next \$1,000,000	0.76%
Next \$3,000,000	0.64%
Next \$10,000,000	0.52%
Next \$35,000,000	0.40%
Over \$50,000,000	Negotiable

Schedule 3- Fixed Income- Actively Managed

<u>Market Value of Account</u>	<u>Annual Fee</u>
First \$1,000,000	0.50%
Next \$4,000,000	0.40%
Next \$10,000,000	0.30%
Over \$15,000,000	Negotiable

The minimum annual fee of \$2,000 may be waived by AIM in its sole discretion. Current client relationships may exist where the fees are higher or lower than the fee schedule above.

The client or AIM may terminate an Investment Advisory Agreement by written notice to the other party, as described below. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. At the end of each full billing quarter, the average of the account's market value during the quarter will be calculated by adding the market value of the Account as of the last day in each month during the quarter and dividing the sum by three. A fee of one quarter of the annual rate specified in the above fee schedule will then be charged.

B. FINANCIAL PLANNING SERVICES

AIM provides financial planning services to clients pursuant to a separate financial planning agreement. A financial plan is designed to help the client with relevant aspects of financial planning without ongoing investment management after the financial plan is completed.

The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the client's discretion.

The fee for a financial plan is predicated upon the facts known at the start of the engagement. The financial planning services fee schedule is as follows:

Fee Schedule – Financial Planning	
<u>Market Value of Account</u>	<u>Annual Fee</u>
First \$500,000	0.60%
Next \$500,000	0.60%
Next \$1,000,000	0.48%
Next \$3,000,000	0.48%
Next \$10,000,000	0.38%
Next \$35,000,000	0.30%
Over \$50,000,000	Negotiable

The minimum fee is \$2,000 and may be waived by the Adviser in the Adviser's sole discretion

Since financial planning is a discovery process, situations occur wherein the client is unaware of certain financial exposures or predicaments. In the event that the client's

situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

If a financial planning client signs an Investment Advisory Agreement with AIM within three months of receipt of financial planning services from AIM, AIM will credit the client's financial planning fees toward the client's first year of investment advisory fees. If the client's portfolio follows a diversified or equity management style, the client receives a 100% credit of the financial planning fees. If the client's portfolio follows a fixed income management style, the client receives a 50% credit of the financial planning fees.

C. FINANCIAL CONSULTING SERVICES

AIM provides financial consulting services to clients as set forth in each client's financial consulting agreement.

Such financial consulting services may include, but are not limited to: investment management fee analysis; account performance analysis; tax return review; a comparison of the client's actual asset allocation and the client's investment plan; equity holdings analysis; fixed income holdings analysis; and buy, sell, and watch recommendations.

Detailed investment advice and specific recommendations are provided as part of the financial consulting services. Implementation of the recommendations is at the client's discretion.

AIM provides financial consulting services for an hourly fee of \$300. Although the fee is estimated in advance, the actual fee may vary depending on the actual time needed to complete the financial consulting services.

D. CONFERENCE PLANNING SERVICES

AIM provides conference-planning services for the annual Municipal Bond Buyers Conference. These services include negotiating contracts, selecting conference topics and speakers, and collecting conference fees. Compensation for these services are both fixed and variable.

ASSET MANAGEMENT

AIM may provide investment advice on any type of investment held in a client's portfolio at the start of the advisory relationship. It may provide advice on private equity and hedge fund holdings.

Assets are invested primarily among mutual funds, exchange traded funds, individual debt and equity securities and/or options, as well as the securities components of variable annuities and variable life insurance contracts, in accordance with the client's investment objectives. Some client accounts will be actively managed by ordering frequent trades and account adjustments. Other clients may choose to maintain accounts that are rebalanced quarterly. For these clients, rebalancing may not occur if client target asset weights are off by less than five percent, rebalancing will result in material transaction costs or undesirable tax consequences, or AIM has made a

decision to underweight or overweight specific asset classes relative to target asset weights. The term “asset weights” may refer to (1) major asset classes, such as equity or fixed income securities; (2) securities concentrated in a particular sector or industry within a major asset class; or (3) individual securities within a particular sector or industry.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. AIM does not receive any compensation, in any form, from fund companies.

Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Investments may also include, but are not limited to: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, options contracts, futures contracts, and interests in partnerships.

Assets may be invested in initial public offerings (IPOs).

TERMINATION OF AGREEMENT

Investment Advisory Agreements can be terminated by the client or AIM, without penalty, by giving the other party sixty (60) days’ written notice. Of course, the client can terminate AIM’s discretionary authority at any time by providing written notice to AIM. Clients remain responsible for any unbilled fees as of the termination date.

Financial Planning Agreements and Financial Consulting Agreements may be terminated by the client or AIM, without penalty, by giving the other party ten (10) days’ written notice. Upon termination, AIM will refund a ratable share of the client’s prepaid fee. In the case of the financial planning fee, the fee shall be computed on a daily basis for a six week period and the refund shall be based on the number of days during such six week period the Agreement was not in effect. In the case of the financial consulting fee, all fees paid in advance but not earned by the Adviser will be returned to the client and the client agrees to pay the Adviser all fees due the Adviser for services rendered but not covered by prepaid fees. In both instances based on the Adviser’s hourly billing rate, which is currently \$300/hour.

Fees and Compensation

DESCRIPTION

AIM bases its fees on a percentage of assets under management, hourly charges, and fixed fees depending upon the client’s agreement. Fees are negotiable.

FEE BILLING

Investment management fees are billed quarterly, in arrears, meaning that we invoice you after the three-month billing period has ended. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to

facilitate billing. The client must consent in advance to direct debiting of their investment account.

Fees for financial plans are billed 50% in advance, with the balance due upon delivery of the financial plan. Fees for financial consulting services are billed upon completion of services or quarterly if services are ongoing.

OTHER FEES

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security. Transaction fees are paid separately by the client and are not included in AIM's fees.

AIM, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

EXPENSE RATIOS

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to AIM.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Performance-Based Fees

Not applicable.

Types of Clients

DESCRIPTION

AIM generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations or small business entities, or government entities.

Client relationships vary in scope and length of service.

Methods of Analysis, Investment Strategies and Risk of Loss

METHODS OF ANALYSIS

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate

rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

INVESTMENT STRATEGIES

The investment strategies offered by AIM are described under “Investment Supervisory Services” beginning on page 2 of this Firm Brochure. The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement that documents their objectives and their desired investment strategy.

The primary investment techniques used on client accounts are long term purchases (securities held more than one year), short term purchases (securities held less than one year), trading (securities sold within 30 days), short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies).

RISK OF LOSS

All investment programs have certain risks that are borne by the investor. Our investment approach seeks to keep the risk of loss in mind. AIM does not offer any products or services, however, with guaranteed rates of return. Investors face the following general investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security’s particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment’s originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Foreign Securities Risk:** Investing in foreign securities may involve additional risks, including currency-rate fluctuations, political and economic instability, differences in financial reporting standards, less-strict regulation of the securities markets, and possible imposition of foreign withholding taxes.
- **Emerging Markets Risk:** Investments in emerging markets can involve risks in addition to and greater than those generally associated with investing in more developed foreign markets, which may make emerging markets securities more volatile and less liquid than securities issued in more developed markets.
- **High Yield Securities Risk:** High yield securities, also referred to as "junk bonds" or non-investment grade securities, are debt securities rated lower than BBB by Standard & Poor's or Baa by Moody's Investors Service. These securities tend to be more sensitive to economic conditions than are higher-rated securities, generally involve more credit risk than securities in the higher-rated categories and are predominantly considered to be speculative.
- **Derivatives Risk:** The performance of derivative instruments depends largely on the performance of an underlying reference instrument. Derivatives involve additional costs and can create economic leverage which may result in significant volatility and losses in an amount that exceeds the initial investment. Other risks include liquidity due to possible lack of a secondary market, mispricing or improper valuation of the derivative instrument, and imperfect correlation between the value of the derivative and the underlying instrument so that the intended benefits may not be realized.
- **Leverage Risk:** Leverage includes the practice of borrowing money to purchase securities or borrowing securities to sell them short. Investments in derivatives also involve the use of leverage. Leverage can result in losses that exceed the original amount invested.
- **Master Limited Partnerships Risk:** Holders of master limited partnership ("MLP") units have limited control on matters affecting the partnership. Investing in MLPs involves certain risks related to investing in the underlying assets of the MLPs and risks associated with pooled investment vehicles. MLPs that concentrate in a particular industry or a particular geographic region are subject to risks associated with such industry or region.

- **Variable Rate Securities Risk:** A variable rate security is one whose terms provide for the automatic establishment of a new interest rate on set dates. Variable rate securities are generally less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general.

Disciplinary Information

LEGAL AND DISCIPLINARY

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Other Financial Industry Activities and Affiliations

FINANCIAL INDUSTRY ACTIVITIES

Neither AIM nor any of its investment advisory personnel is registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

AFFILIATIONS

Neither AIM nor any of its investment advisory personnel has arrangements material to its advisory services or its clients with a related person who is a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company or other pooled investment vehicle, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

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

CODE OF ETHICS

The employees of AIM have committed to a Code of Ethics that is available for review by clients and prospective clients upon request.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

AIM and its employees may buy or sell securities that are also held by clients. This creates the potential conflict of interest that an employee may take advantage of pending client orders for their own personal gain. In order to mitigate this risk, employees may not trade their own securities ahead of client trades.

PERSONAL TRADING

The Chief Compliance Officer of AIM is Ronald C. Alberts, Jr. Mr. Alberts reviews and approves all employee trades before execution. Mr. Alberts' trades are reviewed by Brian A. Schaefer in the same way. The personal trading reviews ensure that the

personal trading of employees does not affect the markets, and that the interests of clients are placed ahead of those of the firm or its employees.

Brokerage Practices

SELECTING BROKERAGE FIRMS

AIM does not have any affiliation with product sales firms. Specific securities brokerage firm (i.e. custodial) recommendations are made to clients based on their need for such services. AIM recommends these firms based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

AIM does not receive fees or commissions from any of these arrangements.

Clients may direct AIM to effect transactions through a particular broker-dealer. In such a case, the commission rate charged to the client's account will be the rate negotiated by the client with the broker, and AIM will make no attempt to negotiate commissions on the client's behalf. AIM may aggregate orders of clients who have directed brokerage with other clients that have directed the use of the same broker if AIM believes that favorable results for all accounts may be obtained and, in such case, aggregate share pricing may occur. With regard to client directed brokerage, AIM may be unable to negotiate commissions, block or batch client orders or otherwise achieve best execution if you limit AIM's brokerage discretion. Directed brokerage commission rates may be higher than the rates paid for transactions in non-directed accounts. Also, clients that restrict AIM's brokerage discretion may be disadvantaged in obtaining allocations of new issues of securities that AIM purchases or recommends for purchase in other clients' accounts. As a general rule, each client should compare the possible costs or disadvantages of directed brokerage against the value of the custodial or other services provided by the broker-dealer to the client in exchange for the directed broker designation. Simply put, directing brokerage may cost clients more money.

BEST EXECUTION

The commissions paid by clients comply with AIM's duty to obtain best execution. However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where AIM determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services including, among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while AIM will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

AIM reviews the execution of trades at each custodian each quarter. Trading fees charged by the custodians are also reviewed on a quarterly basis. AIM does not receive any portion of the trading fees.

SOFT DOLLARS

AIM may select securities brokerage firms that from time to time may furnish to AIM brokerage and research services. In selecting broker-dealers, AIM may consider investment and market information and other research, such as economic, securities and performance measurement research provided by such broker-dealers and the quality and reliability of brokerage services, including execution capability, performance and financial responsibility, as well as price. AIM does not currently have any soft dollar arrangements. However, in the event AIM does participate in such arrangements, the broker-dealer compensation that clients pay may exceed the compensation that could be obtained from another broker-dealer, particularly if such other broker-dealer does not furnish research or other services to AIM. Such research and other services generally will be used to service all of AIM's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio.

ORDER AGGREGATION

Most client transactions are performed independent of other client transactions. AIM may aggregate, or combine, some client transactions to obtain best execution of the transaction, to negotiate more favorable commission rates, or to allocate equitably among clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Any combining of client transactions is done according to AIM's Trade Aggregation Policy, which ensures (1) that AIM does not receive additional compensation for combining orders and (2) that combined orders are allocated to individual client accounts in a fair and equitable manner. A copy of AIM's Trade Aggregation Policy is available upon request.

ALLOCATION OF TRADES

AIM allocates investment opportunities among client accounts in a fair and equitable manner, taking into account each client's investment objective, policies and restrictions, and ensuring that such allocation does not result in favoring or discriminating against any client or group of clients over time. AIM may invest in securities being offered in an initial public offering if it determines that such an investment is desirable for one or more clients. Sometimes the demand for new issues exceeds the supply, and the amount of certain new issues made available to AIM may be limited. If AIM is not able to obtain the total amount of securities needed to fill all orders, the shares actually obtained are allocated based on percentages determined using a pre-established formula which gives primary weight to the amount of equity assets under management (including cash available for investment on the date the initial public offering is priced) in the client's account. AIM then allocates to each participating account the assigned allocation percentage of the amount of the limited availability initial public offering securities. To avoid allocations of "odd lot" positions or fractional shares, each client's allocation is also rounded down to the nearest 100-share lot. Any unallocated securities remaining are distributed on a random basis in minimum lots of 100 shares to those participating accounts that did not qualify for a 100 share or greater allocation based on their allocation percentage. AIM's policy and procedures for allocating initial public

offering investment opportunities are designed to ensure that all clients that are eligible to participate in IPOs are treated fairly and equitably over time.

Review of Accounts

PERIODIC REVIEWS

Advisory Services: Advisory client accounts are continually monitored, and account reviews are performed at least quarterly by Ronald C. Alberts Jr., President of AIM. Reviews consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client. Account reviews are performed more frequently when market conditions dictate.

Financial Planning Services: Unless requested by a client, AIM does not perform ongoing reviews of financial planning client accounts.

REVIEW TRIGGERS

Other conditions that may trigger a review are changes in the tax laws, new investment information, changes in market conditions, and changes in a client's own situation.

REGULAR REPORTS

Advisory Services: Investment advisory clients receive quarterly reports on their accounts showing a description of all activity in the client's account during the reporting period, including all transactions made on behalf of the account, all contributions and withdrawals made by the client, all fees and expenses charged to the account and the value of the account at the beginning and end of the period. Clients also receive quarterly and year-to-date performance data for their accounts.

Financial Planning Services: Unless requested by the client, the Adviser does not provide financial planning clients with regular reports concerning the financial plan prepared on their behalf.

Client Referrals and Other Compensation

INCOMING REFERRALS

AIM has been fortunate to receive many client referrals over the years. The referrals come from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for most of these referrals. In certain limited situations, AIM pays a referral or solicitation fee, but only where allowable by law after disclosure to, and approval by, the client. Client referrals could create an incentive for AIM to provide favorable treatment to the accounts of clients providing such referrals.

REFERRALS OUT

AIM does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Custody

ACCOUNT STATEMENTS

All assets are held at qualified custodians. This means the custodians provide account statements directly to clients at their address of record at least quarterly. Clients should alert AIM immediately if they are not receiving quarterly statements from their custodian. AIM receives duplicate copies of clients' custodial statements and reviews and reconciles custodial statements on a monthly basis.

PERFORMANCE REPORTS

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by AIM.

NET WORTH STATEMENTS

Clients receive net worth statements generated from our client relationship management system annually, at a minimum. Net worth statements contain approximations of bank account balances provided by the client, as well as the value of land and hard-to-price real estate. The net worth statements are used for long-term financial planning where the exact values of assets are not material to the financial planning tasks.

Investment Discretion

DISCRETIONARY AUTHORITY FOR TRADING

AIM accepts discretionary authority to manage securities accounts on behalf of clients. AIM has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

NON-DISCRETIONARY AUTHORITY FOR TRADING

AIM may also accept non-discretionary authority to manage accounts on behalf of clients. Under this arrangement, all investment decisions are approved in writing by the client before they are implemented.

LIMITED POWER OF ATTORNEY

A limited power of attorney is a trading authorization you sign so that we may execute the trades that you have approved pursuant to the terms of the Investment Advisory Agreement.

Voting Client Securities

PROXY VOTES

AIM does not vote client securities. Custodians have been instructed by AIM to mail proxy materials directly to the client. In the event that AIM receives proxy materials intended for the client, AIM will promptly forward the materials to the client. AIM

may provide assistance or advice in voting proxies upon request, however final decisions on how to vote proxies rest solely with the client.

A copy of AIM's Proxy Voting Policy is available upon request.

Financial Information

FINANCIAL CONDITION

AIM does not have any financial impairment that is reasonably likely to preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because AIM does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, six months or more in advance.

Business Continuity Plan

GENERAL

AIM has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

DISASTERS

The Business Continuity Plan covers natural disasters and man-made disasters. Electronic files are backed up daily and archived offsite.

ALTERNATE OFFICES

Under the Business Continuity Plan, an alternative office is available at the residence of Ronald C. Alberts Jr.

Information Security Program

INFORMATION SECURITY

AIM maintains an information security program to reduce the risk that your personal and confidential information may be breached.

PRIVACY NOTICE

AIM is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies (e.g., credit reports). We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at

any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are not required to deliver this *Privacy Notice* to you annually provided that we (i) only share non-public personal information as permitted by Regulation S-P, and (ii) have not changed our policies and practices with regard to disclosing non-public personal information since the Privacy Notice was last delivered to you. Should these two conditions not be satisfied, we are required to deliver the Privacy Notice to you on an annual basis.

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