

**Item 1 – Cover Page**

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October 1, 2019

This Brochure provides information about the qualifications and business practices of Ascension Investment Management, LLC (“AIM” or the “Adviser”). If you have any questions about the contents of this Brochure, please contact Amanda White at (314) 733-8419 or by email at [Amanda.White@ascension.org](mailto:Amanda.White@ascension.org) or Alyssa Johnson at (314) 733-8373 or by email at [Alyssa.Johnson@ascension.org](mailto:Alyssa.Johnson@ascension.org). The information in this Brochure has not been approved or verified by the U.S. 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 we provide are for you to determine whether to hire or retain AIM as your adviser.

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

## **Item 2 – Material Changes**

This Brochure dated October 1, 2019 is an update to our September 30, 2018 disclosure Brochure prepared according to the U.S. Securities and Exchange Commission’s (the “SEC”) requirements and rules. This Item 2 summarizes only material changes that have been made to our September 30, 2018 disclosure Brochure. These changes are as follows:

### **Item 4 – Advisory Business and Item 6 - Performance-Based Fees and Side-By-Side Management**

These Items were updated to reflect the restructuring of the ownership of AIM and certain affiliates.

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

This Item was updated to reflect a change in the investment strategies offered by AIM as of the date of this Brochure.

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

This Item was updated to reflect the restructuring of the ownership of AIM and certain affiliates as well as to reflect the elimination of the Advisory Committee.

We will provide a complete copy of our Brochure at any time, without charge upon your request. To request a copy of our Brochure, please contact Amanda White at (314) 733-8419 or by email at [Amanda.White@ascension.org](mailto:Amanda.White@ascension.org) or Alyssa Johnson at (314) 733-8373 or by e-mail at [Alyssa.Johnson@ascension.org](mailto:Alyssa.Johnson@ascension.org). Additional information about AIM is also available via the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) free of charge.

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## Item 4 – Advisory Business

### Firm Description

AIM is a Missouri limited liability company. Prior to January 2014, the Adviser was registered with the SEC as Catholic Healthcare Investment Management Company (“CHIMCO”), a Missouri non-profit corporation, using “Ascension Investment Management” as its primary business name. In order to effectuate a change in the Adviser’s form of organization, substantially all of the assets and liabilities of CHIMCO were transferred to AIM and AIM succeeded to the registration of CHIMCO in January 2014. There were no changes to the Adviser’s ownership in connection with this transaction and the same investment personnel continued to be responsible for the day-to-day management of the advisory business.

Ascension Health Alliance, a Missouri nonprofit corporation (“Ascension”) organized for charitable, religious, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), is the ultimate parent company of AIM and Ascension Health, a Missouri nonprofit corporation. As such, AIM is affiliated with Ascension Health, a leading non-profit Catholic health system. Before 2011, employees of CHIMCO (now AIM) were employed by Ascension Health’s Treasury Services and Investment Group. The rationale for creating CHIMCO was to use existing in-house investment management expertise to manage directly the assets of its affiliates rather than relying solely on external asset consultants and to offer investment management expertise and access to independent money managers to other selected institutional investors.

AIM is managed by its executive officers, who are subject to oversight by a board composed of Ascension’s President and Chief Executive Officer, Ascension Capital’s President/Chief Executive Officer, and Ascension Capital’s Executive Board Chair.

### Principal Owner

AIM is a wholly owned subsidiary of Ascension Capital, LLC (“Ascension Capital”), a Missouri limited liability company. Prior to July 2019, AIM was a wholly owned direct subsidiary of Ascension. In July 2019, the ownership of AIM was restructured so that Ascension Capital became the sole owner of AIM. Ascension Capital is a wholly owned subsidiary of Ascension. Ascension remains the ultimate parent company of AIM and the same personnel continue to be responsible for the day-to-day management of AIM’s advisory business.

### Types of Advisory Services

AIM provides investment advice and consulting to institutional investors through a commingled investment vehicle as well as through the use of separate accounts. Adviser serves as manager and primary investment adviser to a private fund organized as a Delaware limited liability company (the “Fund”). In its capacity as manager of the Fund, Adviser initiates new investments in the Fund and manages the affairs and investments of the Fund. Adviser also provides non-discretionary asset allocation advice to Fund investors upon request. Entities that are accredited investors may be solicited on a private basis to invest in the Fund according to the terms of the Fund’s confidential private placement memorandum.

AIM has three primary areas of focus:

- 1) *Investment advisory services*, which can be utilized by the client as follows:

- a. AIM accepts full discretion with authority to make investment decisions on behalf of the client, including asset allocation, due diligence and selection of investment managers and private funds, and rebalances to established risk and return targets;
  - b. AIM accepts discretion to manage client assets within long-term asset allocation guidelines and ranges established by the client;
  - c. AIM accepts discretion to manage assets within certain asset classes selected by the client. For example, a foundation that desires to invest in hedge funds may elect to invest in a portfolio of hedge funds selected by AIM, which avoids the duplicative costs and low transparency of a typical fund of hedge funds; or
  - d. The client retains full discretion over all asset allocation and investment manager decisions, and AIM provides advice with respect to the selection of investments or managers within the scope of work set by the client. In certain circumstances, AIM may be able to provide economies of scale and access to investment managers at a lower cost than are available to the client individually.
- 2) **Administration**, which can be helpful to an institutional client's finance staff as follows:
- a. Monthly reports of investment transactions;
  - b. Assistance with accounting disclosures;
  - c. Managing cash flows and rebalancing (for example, using transition managers or derivative instruments to hedge or maintain exposure during a transition);
  - d. Investment manager administration and liaison;
  - e. Custodian bank administration and liaison; and
  - f. Investment performance reporting.
- 3) **Socially Responsible Investing (SRI)**: AIM manages clients' assets by selecting investments that conform to an SRI policy that AIM believes promote Catholic values. AIM typically applies an SRI policy to investments through its ability to establish separate accounts with independent managers who agree to invest subject to the SRI policy, through its ability to "opt out" of private investments that do not meet the SRI policy on a case-by-case basis, or through its ability to engage managers who are willing to create new SRI share classes of private funds for AIM clients. AIM has the resources and the commitment to monitor and follow the managers' adherence to the SRI policy on an ongoing basis using AIM's internal staff. The universe of acceptable investments for investors who apply an SRI policy may be reduced as a result of investments that are excluded because they do not comply with the guidelines set forth in the SRI policy.

Under AIM's SRI policy, AIM performs an initial screen of potential new managers as part of its due diligence process and monitors clients' portfolios periodically on an ongoing, best efforts basis. AIM may permit a manager to continue to hold securities that no longer meet its SRI criteria while corrective action is being taken (such as, for example, if AIM believes that the issuer is taking steps to address its non-compliance or to allow the investment manager adequate time to sell the security in a commercially reasonable manner at an attractive price). In addition, a commingled investment vehicle in which AIM clients and outside third parties invest may hold up to 10% of its portfolio in securities that do not meet individual security or country restrictions in the SRI policy.

## Assets Under Management

As of June 30, 2019, AIM managed \$29,237,914,019.00 in assets on a discretionary basis and \$11,674,138,408.00 in assets on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

The specific manner in which fees are assessed will be established in the Investment Advisory Agreement with each client.

### **Fee Schedule**

#### *Asset-Based Fees*

AIM typically negotiates an asset-based management fee for its services. The minimum annual fee for fully discretionary accounts is \$50,000. The maximum fee charged to new clients may be 1% of assets under management (or \$50,000, whichever is greater), although fees are negotiable, depending on the sophistication of the investment strategy and the amount of AIM's professional time involved. This asset-based fee is in addition to the fees and expenses incurred by clients as described below. AIM's fees may be waived in certain circumstances.

#### *Fixed Fees*

AIM may negotiate a fixed fee for its services. There is no minimum fee. The fixed fee is in addition to fees and expenses incurred by clients as described below.

#### *Reimbursement of Fees and Expenses*

In addition to AIM's advisory fees, advisory clients may incur other fees and expenses, including but not limited to investment, trading, legal, auditing, operational, custodial, and administrative expenses. Under the terms of the client's Investment Advisory Agreement with AIM, AIM typically will be entitled to reimbursement of any such fees and expenses incurred by AIM on behalf of the client.

#### *Advisory Fees for Fund Members*

With respect to the Fund, Adviser typically negotiates an advisory fee with each member of the Fund. Adviser may negotiate higher or lower management fees with different Fund members. Adviser also is entitled to be reimbursed by the Fund for certain expenses incurred on behalf of the Fund, including, without limitation, accounting, audit, legal, operational, administrative, custody expenses, administrative fees and blue sky filing fees.

### **Fee Billing**

Clients may authorize AIM to directly debit fees from their accounts, or clients may elect to be billed and pay AIM directly. Asset-based fees charged by AIM typically will be charged quarterly in advance.

### **Other Fees**

In addition to management and performance fees, clients typically incur brokerage commissions, transaction fees, and other investment-related costs and expenses that are charged separately by broker-dealers and custodians. Clients may also incur certain other charges imposed by custodians, brokers, third party investment managers and other third parties, including managerial fees, 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. Managers of separate accounts, mutual funds and private investment funds in which clients may invest charge their own management and performance fees and operating expenses. Travel costs for AIM personnel to attend meetings of an institutional client's board or its finance or investment committees at the request of the board or committee may be charged to the client.

## **Termination of the Management Agreement**

Under a client's Investment Advisory Agreement with AIM, either party typically may terminate the Agreement upon at least 90 days' advance written notice, except that alternative investments, private investment funds, and other illiquid investments in which the client has invested may require a longer termination period. Clients will continue to pay all fees and expenses related to alternative investments, private investment funds, and other illiquid investments, including management fees to AIM, during the termination process until the assets are returned to the client. If the Investment Advisory Agreement is terminated, expenses and any management fees will be pro-rated. Any unearned fees paid in advance will be promptly refunded and any unpaid fees will be due and payable.

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

AIM does not charge any performance-based fees. AIM invests clients' funds with separate account managers who may charge performance fees, and also invests clients' assets in private hedge funds, and venture capital, private equity, private real estate and other commingled investment funds that may charge performance fees.

AIM is affiliated with Ascension Health Ventures II, LLC, a Missouri limited liability company ("AHV II"), Ascension Health Ventures III, LLC, a Missouri limited liability company ("AHV III"), and Ascension Ventures IV, LLC, a Missouri limited liability company ("AV IV"). AHV II became a wholly owned subsidiary of AHV Holding Company, LLC, an exempt reporting advisor, in May 2012. AHV Holding Company, LLC is a wholly owned subsidiary of Ascension Capital. AHV II is the general partner of CHV II, L.P., a Delaware limited partnership ("CHV II"). CHV II is a venture capital fund in which both Ascension (through the Ascension Alpha Fund) and third-party investors are limited partners. AHV II provides investment advice to CHV II, and may advise other venture capital funds, directly or through affiliates, in the future. AHV III was formed in January 2012 as a wholly owned subsidiary of AHV Holding Company, LLC. AHV III is the general partner of CHV III, L.P., a Delaware limited partnership ("CHV III"). CHV III is a venture capital fund in which both Ascension and third-party investors are limited partners. AHV III provides investment advice to CHV III, and may advise other venture capital funds, directly or through affiliates, in the future. AV IV was formed in September 2016 as a wholly owned subsidiary of AHV Holding Company, LLC. AV IV is the general partner of CHV IV, L.P., a Delaware limited partnership ("CHV IV"). CHV IV is a venture capital fund in which both Ascension and third-party investors are limited partners. AV IV provides investment advice to CHV IV, and may advise other venture capital funds, directly or through affiliates, in the future. AIM will not charge a separate asset-based fee for investing clients' assets in any venture capital fund managed by an affiliate of AIM.

## **Item 7 – Types of Clients**

AIM provides portfolio management services exclusively to institutions, primarily charitable organizations, pension and profit-sharing plans, foundations, endowments, corporations, and other institutional accounts, either directly or through its management of a private commingled investment pool in which these institutions invest.

AIM has established a minimum account size of \$5 million, although it may waive this minimum in its discretion. Many alternative investment managers and private investment funds recommended by AIM establish minimum investment amounts, typically \$5 million to \$25 million.

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

### **Methods of Analysis**

AIM analyzes and recommends investments based on the following:

- 1) Diversification across asset classes seeks to produce either a desired rate of return at a lower level of risk or a higher return for a given level of risk. In order to achieve this diversification, all asset classes should be considered, including alternative investments.
- 2) Investments should not be categorized solely by asset class names, but also by how they are expected to behave in different economic environments. AIM classifies its investments by three economic regime categories: growth, inflation and deflation. AIM believes that these classifications are key, in order to avoid the illusion of diversification when it does not exist. For example, a “diversified” portfolio of stocks, high yield bonds and REITs may not be truly diversified, because they are actually highly correlated. AIM attempts to build portfolios that are truly diversified across all three economic regimes.
- 3) AIM views financial markets as moving through economic regimes and believes future economic regimes may exhibit characteristics similar to previous ones. Investors who are forward-looking can capitalize on shifts in regimes by utilizing tactical asset allocation in their portfolio. This view has caused AIM to develop a strategy of hedging during good times and buying assets when times are tough.
- 4) Investors generally are compensated for taking illiquidity risk by investing in non-traditional asset classes. AIM does not shy away from alternative strategies or derivative transactions, but instead strives to fully understand the strategies and their impacts on clients’ portfolios.
- 5) Investors face a tradeoff between portfolios that are designed to outperform in positive stock markets but underperform in down markets and those that attempt to preserve capital in down markets but underperform in up markets. AIM’s bias is to build client portfolios that seek to preserve capital in negative markets even if it means underperforming on a relative basis in very positive markets (i.e., generating positive returns but typically lagging the public markets). It has been our experience that saving in negative markets is more meaningful for nonprofit organizations, foundations and other institutional clients that have annual commitments and programs.
- 6) Active managers should be used only when a true advantage or skill has been demonstrated. If no skill is shown, then the market will be accessed through passive strategies. We constantly review managers and select those that we believe have a true skill or advantage and remain passively invested if none are available.
- 7) Relationships with investment managers matter. It is very important for both the client and manager to develop a dialogue directly in order to perform adequate due diligence and to access managers that are best in class.

AIM’s method of analysis is primarily fundamental and based upon sources of information we generally consider reliable, however, we cannot guarantee, nor have we verified, the accuracy of such independent market information. The data that we review is sometimes subjective in nature and open to interpretation. Even if our data and interpretation of the data are correct, there may be other factors that determine an investment manager’s performance other than those we considered. We select investment managers that we believe have experience and a reasonable performance record, employ a qualified management team, embrace a highly disciplined investment philosophy, and provide adequate information.



## Investment Strategies

AIM currently offers advisory services with respect to strategies in the asset classes listed below. Other asset classes or investment strategies may be available upon request or added in the future; further, AIM may close strategies without notice, each in AIM's sole discretion.

<b><i>Growth Strategies</i></b>	U.S. Equity Emerging Market Equity High Yield Hedged Equity	International Equity Private Equity Private Credit
<b><i>Inflation Strategies</i></b>	Liquid Real Assets Core Real Estate	Inflation-Protection Financial Instruments Private Real Assets
<b><i>Deflation/Recession Strategies</i></b>	Core Fixed Income Absolute Return Hedge Funds	Cash Plus Opportunistic Credit
<b><i>Other Strategies</i></b>	Impact Investment III Impact Investment I (closed)	Impact Investment II (closed)

## Risk Management

AIM focuses on risk management. AIM's Managing Director of Strategy and Risk Management oversees the risk and return targets, asset allocation, liquidity needs, and exposures for each investment strategy. It is AIM's philosophy that each investment strategy should not only be tracked by dollar weights, which is very common, but also by "beta" weights and factor exposures. The investment managers' holdings typically are evaluated to understand:

- 1) ***Beta exposure:*** Beta is the measure of volatility of an investment relative to an underlying index or the market as a whole. AIM measures the betas of a manager's portfolio and segments of the portfolio to determine the volatility and correlation of the investments to its benchmarks. For example, a collection of low risk equity managers may have a beta of 0.8, meaning that if the equity market increases by 10%, it is expected that the managers' performance will increase by 8%. It may be that the collection of low beta managers is an unintended position that should be corrected or, alternatively, it could be an intentional positioning. In either case, this is important information to understand how a portfolio is positioned currently and on a going forward basis.
- 2) ***Factor exposure:*** AIM also measures the overall exposure to certain factors such as interest rates, foreign currencies, inflation, etc. We then compare these exposures to relevant benchmarks to determine if there are any unintended positions in the portfolio that are not desired.

## Manager/Investment Fund Due Diligence

AIM conducts extensive due diligence on each investment manager and fund that it recommends to clients. AIM may conduct phone interviews, personal interviews and office visits with managers. AIM reviews the manager's risk management and operational processes (such as legal and compliance, IT/cybersecurity, service providers, cash management and control, valuation, back office operations, counterparty risk and governance), reputation, experience and background of key personnel, assets under management, portfolio structure and risks, and also may review style attribution, manager performance analyses and universe comparisons. AIM's Managing Director of Strategy and Risk Management reviews each manager for its impact on liquidity of an investment strategy. Private funds' legal documents typically are reviewed by outside legal counsel. AIM personnel complete an initial due diligence checklist to document material due diligence steps and prepare a written analysis of proposed

new managers/funds. AIM personnel complete similar due diligence checklists for co-investments. AIM also requests managers to provide annual due diligence updates and AIM personnel complete an annual due diligence checklist to document their review of such information. AIM reviews and seeks out new investment managers on a regular basis. When AIM identifies investment managers that it believes are superior, existing manager selections may change.

## **Risk of Loss**

**Investing in securities involves risk of loss that clients should be prepared to bear.** AIM cannot guarantee that it will achieve a client's investment objective. Clients' returns will fluctuate, and you may lose money. Below are some of the principal risks of investing in the types of securities recommended by AIM:

- **Market Risk.** Prices of securities in which clients invest may decline in response to certain events taking place around the world, including: those directly involving the companies whose securities are owned by client; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate, and commodity price fluctuations. Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value.
- **Management Risk.** AIM's investment approach may fail to produce the intended results. If our perception of the performance of a specific asset class or underlying fund is not realized in the expected time frame, the overall performance of client's portfolio may suffer. AIM recommends independent money managers over which it has no control, and any independent manager could engage in mismanagement or fraud or fail to produce positive investment returns.
- **Equity Risk.** Equity securities tend to be more volatile than other asset classes. The value of an individual security can be more volatile than the market as a whole. This volatility affects the value of the client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines or financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.
- **Fixed Income Risk.** The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate. Inflation-indexed securities, including Treasury Inflation-Protected Securities (TIPS), decline in value when real interest rates rise. In certain interest rate environments, such as when real interest rates are rising faster than nominal interest rates, inflation-indexed securities may experience greater losses than other fixed income securities with similar duration. Not all U.S. government securities are backed by the full faith and credit of the U.S. government. It is possible that the U.S. government would not provide financial support to certain of its agencies or instrumentalities if it is not required to do so by law. Clients that hold government securities may experience a loss of purchasing power during periods where inflation outpaces the return on such securities.
- **High Yield (Junk) Bond Risk.** Investments in high yield, high risk securities and unrated securities of similar credit quality (commonly known as "junk bonds"), as well as derivatives of such securities, are subject to greater levels of interest rate, credit and liquidity risk than investments in other types of securities. These securities are considered predominately speculative with respect to the issuer's continuing ability to make principal and interest payments.

An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce the client's ability to sell these securities (liquidity risk). If the issuer of a security is in default with respect to interest or principal payments, a client may lose its entire investment in such securities.

- **Real Estate Risk.** Real estate investments and real estate investment trusts ("REITs") are subject to risks generally, such as possible declines in the value of real estate, adverse general and local economic conditions, possible lack of availability of mortgage funds, changes in interest rates, and environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in price volatility and limited market liquidity.
- **Foreign Securities Risk.** Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds or managers invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.
- **Commodities Risk.** Exchange-traded funds that hold commodities, as well as oil royalty trusts, publicly traded master limited partnerships and other investment companies that invest in commodities are subject to volatility because commodities prices and stock prices for companies in the commodities markets can fluctuate widely. These investments also depend upon specialized management skills and typically lack or have limited operating histories. These entities' success also will vary depending on their underlying portfolios. For example, if the entities invest in oil and gas companies, their returns will be very dependent on highly volatile oil and gas prices. Unlike ownership of common stock of a corporation, investors in these entities typically would have limited voting rights and no ability to elect directors of these entities annually.
- **Custody Risk.** AIM is deemed to have custody of clients' assets and securities held in the private fund for which AIM serves as manager and principal adviser. AIM has engaged an independent fund administrator to maintain the official books and records of the Fund (including records that account for all interests owned by, and transactions on behalf of, individual investors) and computing an NAV of Fund interests. AIM engages an independent accountant to audit its private fund on an annual basis.
- **Alternatives Risk.** Hedge funds, as well as private equity, venture capital, private real estate and other private funds in which clients may invest typically engage in highly speculative trading strategies. These funds' assets may be illiquid and their performance results can be extremely volatile. The managers of these alternative funds typically provide AIM with estimated, unaudited fund values at least quarterly. As a result, the value of these investments are calculated based on estimates, which may not be accurate at the time a client receives an account statement, due to material changes in the markets and/or the value of the funds' assets since the date of the last estimate. Alternative funds may use fair valuation techniques, which are subjective, and there is no guarantee that the client would realize proceeds equal to fair value upon the sale of a security. Investments in alternative funds are illiquid, and the assets of the funds also may be illiquid.
- **Leverage and Borrowing Risk.** Borrowing to invest magnifies the potential for gain or loss and,

therefore increases the possibility of fluctuation in value of client's investments. This is the speculative factor known as leverage. Certain derivative instruments have leverage inherent in their terms. Although leverage presents the opportunity for increasing investment return, it has the effect of potentially increasing losses as well. Any event that adversely affects the value of an investment, either directly or indirectly, will be magnified to the extent that leverage is employed. The cumulative effect of the use of leverage in a market that moves adversely to the investments of the entity employing the leverage could result in a loss that would be greater than if leverage were not employed. To the extent that alternative managers or funds borrow to make investments, the rates at which they borrow will affect their performance results and, in the event of a precipitous drop in the value of pledged securities, the borrower might not be able to liquidate assets quickly enough to pay off the margin debt and this could result in mandatory liquidation of positions in a declining market at relatively low prices. Because investments will fluctuate in value, while the interest on borrowed amounts may be fixed, the value of a client's investments may tend to increase more as the value of its investments increases, or to decrease more as the value of its investments decreases, during times of borrowing. Unless profits on investments acquired with borrowed funds exceed the costs of borrowing, the use of borrowing may decrease investment performance.

- **Illiquidity Risk.** Ascension recommends alternative investments and investment strategies which typically are illiquid. This means that an investor may not be able to readily dispose of such investments when it desires to do so or to realize what it perceives to be the fair value of such interests. If a client is unable to sell its illiquid securities when deemed desirable, it may incur losses and may be restricted in its ability to take advantage of other market opportunities. If market quotations for illiquid securities, such as interests in a private investment fund, are not readily available, or are deemed unreliable, the security will be valued at a fair value determined in good faith by private fund's manager. The private fund manager's judgment as to the fair value of the fund may be wrong, and there is no guarantee that a client will realize the entire fair value assigned to the private fund interest upon a sale.
- **Counterparty Risk.** Counterparty risk is the risk that the institution on the other side of a client's trade will default. In addition, the recent credit crisis and resulting market disruptions have led to increased governmental, as well as self-regulatory, scrutiny of the markets in general. It is impossible to predict what, if any, changes in regulations will result from these developments, but any regulations which restrict the ability of AIM and the managers to employ, or broker-dealers and other counterparties to extend, credit in their trading (as well as other regulatory changes which result) could have a material adverse impact on the profit potential of clients.
- **Derivatives Risk.** A derivative is a financial instrument whose value depends upon, or is derived from, the value or other attributes of an underlying asset, such as a security, a basket or pool of securities, a currency or an index. Client portfolios may include managers and private funds that use derivative instruments (for example, swaps, options, futures and index-based instruments) for a variety of purposes, including but not limited to hedging to manage risk or for the purposes of earning additional income (i.e., speculation) or investment purposes, such as to gain exposure to particular securities or markets, in connection with hedging transactions or currencies. The use of derivatives involves special risks, which may be different or greater than the risks associated with a direct investment in the underlying securities or index. Investments in certain derivative instruments require a high degree of leverage, meaning that the overall value of the derivative instrument (and, thus, the potential for profits or losses in that value) is much greater than the modest deposit or investment used to enter into the derivatives position. This means that a relatively small change in the price of the underlying security or index can produce a disproportionately large profit or loss. The risk of loss from certain short derivative positions is theoretically unlimited. Derivatives may be illiquid and the market for derivatives is largely unregulated. The use of derivatives may not always be a successful strategy and using them

could lower investment returns.

- Put and Call Options Risks. There are risks associated with the sale and purchase of call and put options. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security or index and gives up the opportunity for gain on the underlying security or index above the exercise price of the call option. The seller of an uncovered call option (that is, where the seller does not own the underlying security or index) assumes the risk that, if the market price exceeds the option strike price, the seller will suffer a loss equal to the difference at the time of exercise. This potential loss is theoretically unlimited. The buyer of a call option will only realize a profit from the position if the market price of the underlying security or index rises sufficiently above the exercise price to cover the premium paid for the option and transaction costs. The seller (writer) of a put option assumes the risk that it may be required to purchase the underlying security or index for an exercise price higher than the then-current market price, resulting in a capital loss. The buyer of a put option will only realize a profit from the position if the market price of the underlying security declines sufficiently below the exercise price to cover the premium paid for the option and transaction costs. There is no guarantee that a manager or fund will be able to effect closing transactions on written options at any particular time or at an acceptable price. A liquid market may not exist when a manager or fund seeks to close out a written option position.
- Futures Contracts and Options on Futures Contracts Risks. There is no assurance that a liquid secondary market will exist for futures contracts (or related options) purchased or sold, and a manager or fund may be required to maintain a position until exercise or expiration, which could result in losses. Futures positions may be illiquid because, for example, most U.S. commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices on various commodities or financial instruments occasionally have moved to the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent a portfolio’s underlying manager or fund from timely liquidating unfavorable positions and cause it to be subject to substantial losses. In addition, the underlying manager or fund may not be able to execute futures contract trades at favorable prices if trading volume in such contracts is low. It is also possible that an exchange or the Commodity Futures Trading Commission (the “CFTC”) may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only. In addition, the CFTC and various exchanges impose speculative position limits on the number of positions that may be held in particular commodities. Trading in futures contracts and related options are highly specialized activities that may entail greater than ordinary investment or trading risks.
- Swap Risks. Underlying managers and funds selected by AIM may invest in interest rate swaps, total return swaps, or credit default swaps, to gain exposure to, or to mitigate specific forms of, interest rate or credit risk. Swaps will expose a manager or fund to counterparty risk (described below). A manager or fund could also suffer losses with respect to a swap agreement if the manager or fund is unable to terminate the agreement or reduce its exposure through offsetting transactions. Entering into a credit default contract as the protection seller will create “leverage” because the manager or fund’s investment exposure will be greater than the value of its investment in the contract. As the protection seller, a manager or fund would be subject to investment exposure on the notional amount of the swap. As a result, these contracts may magnify or otherwise increase losses to a manager or fund and therefore the client’s portfolio.

- Hedging Risks. Hedging strategies can reduce the opportunity for gain by offsetting the positive effect of favorable price movements in the hedged investments. To the extent that a hedge matures prior to or after the disposition of the investment subject to the hedge, any gain or loss on the hedge may be realized earlier or later than any offsetting gain or loss on the hedged investment. When a manager or fund uses options or futures contracts for hedging purposes, the profit or loss associated with the options or futures contracts is intended to offset any profit or loss associated with corresponding long positions in other securities or an index, and thus hedging strategies will reduce the opportunity for gain by offsetting the positive effect of favorable price movements in the long positions. Also, to the extent the profit or loss from the derivative and from the corresponding long position do not correlate, there is the risk that the manager or fund will realize a net loss.
- Counterparty Risk. Certain derivative instruments and contracts are only transacted “over-the-counter” or through “interdealer” markets. The participants in these markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange based” markets. When a manager or fund invests in derivative, over-the-counter transactions, it is assuming a credit risk with regard to parties with which it trades and also bears the risk of settlement default. These risks may differ materially from those associated with transactions effected on an exchange or through a central clearinghouse, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to counterparties. Transactions entered into directly between two counterparties generally do not benefit from such protections. This will expose the manager or fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the manager or fund to suffer a loss. Counterparty risk is accentuated in the case of contracts with longer maturities where events may intervene to prevent settlement, or where the manager or fund has concentrated its transactions with a single or small group of counterparties. The ability of a manager or fund to transact business with any one or a number of counterparties, the lack of any independent evaluation of such counterparties’ financial capabilities, and the absence of a regulated market to facilitate settlement may increase the potential for losses.
- Regulatory and Legislative Risk. The U.S. government recently enacted legislation that provides for new regulation of the derivatives markets, including central clearing for certain swap transactions, new margin, reporting and registration requirements. These requirements are being implemented primarily through regulations adopted by the SEC and CFTC, and thus the ultimate impact of the legislation is unclear. For example, pursuant to regulations recently adopted by the CFTC, certain swap transactions must now be executed through swap execution facilities or registered exchanges, cleared through regulated clearinghouses and publicly reported. In addition, new (or revised) laws or regulations may increase collateral requirements for certain derivative contracts, which could adversely affect a manager or fund’s ability to use these instruments. These collateral requirements could force a manager or fund to terminate new or existing derivative contracts or realize amounts to be received under the contracts at inopportune times. Additional regulations may adversely affect a manager or fund’s ability to enter into derivative contracts or increase the costs of entering into these transactions, which may hurt the manager or fund’s ability to achieve its investment objective and negatively affect its, and therefore the client’s, returns.

## **Item 9 – Disciplinary Information**

Investment advisers are required to disclose all material legal or disciplinary events relevant to your evaluation of our firm or the integrity of our management. AIM has no information to disclose applicable to this Item.

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

AIM is a wholly owned subsidiary of Ascension Capital, LLC (“Ascension Capital”), a Missouri limited liability company, and is affiliated with Ascension Health (“Ascension Health”), a Missouri nonprofit corporation and a leading, nonprofit Catholic health system. Ascension Health Alliance, a Missouri nonprofit corporation (“Ascension”), is the ultimate parent company of AIM and parent company of Ascension Health. Ascension engages in a wide range of health care and related activities through numerous subsidiaries, health ministries and other organizations. Ascension and its affiliates (including but not limited to Ascension Health and Ascension Capital), from time to time, partner with private equity sponsors in order to purchase and/or invest in health care facilities and other healthcare related investment opportunities.

AIM is affiliated with Ascension Ventures, LLC, a Missouri limited liability company (“AV I”). AV I became a wholly owned subsidiary of Ascension Capital in July 2019. It was previously a wholly owned subsidiary of Ascension, which remains its ultimate parent. AV I provides certain investment advisory services solely to Ascension affiliates in connection with a legacy portfolio of venture capital investments. AV I does not hold itself out to the public as an investment adviser or provide investment advice to any other person.

AIM also is affiliated with Ascension Health Ventures II, LLC, a Missouri limited liability company (“AHV II”), Ascension Health Ventures III, LLC, a Missouri limited liability company (“AHV III”), and Ascension Ventures IV, LLC, a Missouri limited liability company (“AV IV”). AHV II became a wholly owned subsidiary of AHV Holding Company, LLC, an exempt reporting adviser, in May 2012. AHV Holding Company, LLC is a wholly owned subsidiary of Ascension Capital. AHV II is the general partner of CHV II, L.P., a Delaware limited partnership (“CHV II”). CHV II is a venture capital fund in which both Ascension (through the Ascension Alpha Fund) and third-party investors are limited partners. AHV II provides investment advice to CHV II, and may advise other venture capital funds, directly or through affiliates, in the future. AHV III was formed in January 2012 as a wholly owned subsidiary of AHV Holding Company, LLC. AHV III is the general partner of CHV III, L.P., a Delaware limited partnership (“CHV III”). CHV III is a venture capital fund in which both Ascension and third-party investors are limited partners. AHV III provides investment advice to CHV III, and may advise other venture capital funds, directly or through affiliates, in the future. AV IV was formed in September 2016 as a wholly owned subsidiary of AHV Holding Company, LLC. AV IV is the general partner of CHV IV, L.P., a Delaware limited partnership (“CHV IV”). CHV IV is a venture capital fund in which both Ascension and third-party investors are limited partners. AV IV provides investment advice to CHV IV, and may advise other venture capital funds, directly or through affiliates, in the future. AIM will not charge a separate asset-based fee for investing clients’ assets in any venture capital fund managed by an affiliate of AIM.

Venture capital funds managed by AHV I, AHV II, AHV III, and AV IV may invest in health care companies or health care-related companies that provide services to Ascension and its affiliate. Ascension and its affiliates invest in these venture capital funds, and Ascension and its affiliates also may be a customer of, or have other business relationships with, certain health care-related companies in which these funds invest.

AIM is affiliated with AHV Holding Company, LLC, AHV I, AHV II, AHV III, and AV IV (collectively, “AHV”) because they are under the common control of the same parent company. However, each of AIM and AHV has its own executive officers and management team, as well as a separate board.

## **Item 11 – Code of Ethics**

### **Code of Ethics**

AIM has adopted and enforces a written Code of Ethics for all supervised persons pursuant to Section 204A-1 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”). The Code of Ethics sets forth the standards of business conduct that must be observed by AIM and its supervised persons. AIM’s Code of Ethics includes personal securities trading procedures and requires supervised persons to disclose the existence of personal brokerage accounts and securities holdings, report certain of their personal securities transactions quarterly, review and acknowledge the terms of the Code of Ethics at least annually, and report violations promptly. Our Code of Ethics requires pre-clearance for certain transactions, including prior approval for an employee investing in any private company, initial public offering (“IPO”), or initial coin offering (“ICO”). The Code of Ethics also includes restrictions on the giving or receipt of certain gifts and requires supervised persons to report certain gifts and business entertainment items. Supervised persons who fail to follow the Code of Ethics risk disciplinary action, up to and including dismissal. You may obtain a copy of our Code of Ethics, free of charge, by contacting Amanda White at (314) 733-8419 or Alyssa Johnson at (314) 733-8373.

### **Participation or Interest in Client Transactions**

AIM may recommend investments to clients in which affiliates of AIM have a financial interest. AIM may recommend that its clients invest in venture capital funds sponsored by its affiliate, Ascension Health Ventures (“AHV”). AHV and its affiliated entities will receive management fees and performance fees (typically referred to as a “carried interest”) for managing the funds. AIM will waive its asset-based management fee with respect to that portion of a client’s portfolio that is invested in any AHV venture capital fund.

### **Personal Trading**

AIM’s employees and persons associated with us are subject to our Code of Ethics and must report their personal securities transactions to our Chief Compliance Officer for periodic review to the extent required under the Advisers Act. If AIM does any trading directly for its client accounts, supervised persons may trade securities in their own accounts which are recommended to and/or purchased for clients, provided that such securities are purchased on the same day in a single transaction (referred to as a “block trade”). Participants in a block trade typically receive their pro rata, average price per share allocation of the trade. To the extent that a trade is not completely filled, AIM will allocate investments in a manner it deems fair and reasonable. AIM’s Code of Ethics requires pre-clearance for certain transactions, including prior approval for an employee investing in any private company, IPO, or ICO. AIM has also adopted an Insider Trading Policy that prohibits supervised persons from trading on material non-public information.

## **Item 12 – Brokerage Practices**

### **Brokerage Recommendations**

AIM does not recommend brokers to clients and does not permit clients to direct brokerage to a particular broker-dealer.

### **Best Execution**



As a fiduciary, AIM has an obligation to obtain best execution of advisory clients' transactions under the circumstances of the particular transaction. "Best execution" does not always mean the best price, and 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.

To the extent that AIM does any trading directly for its client accounts, AIM will seek to execute client transactions in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances. However, transactions will not always be executed at the lowest possible commission rate. Clients may obtain lower rates from so-called discount brokers, although they would not have the benefit of AIM's advice.

To the extent that AIM has delegated its discretionary authority over clients' assets to an independent manager, the independent manager will be responsible for seeking to obtain best execution of advisory clients' transactions under the circumstances of the particular transaction and/or based upon the provision of research services by executing broker-dealers. These managers or private investment funds may have substantial conflicts of interest. For example, such persons may be affiliated with a broker-dealer through which a portion of the transactions are conducted, and such person may receive a portion of the brokerage commissions resulting from such transactions.

### **Directed Brokerage**

Although AIM currently does not permit clients to direct AIM to execute all securities transactions in the client's account through a particular broker-dealer, to the extent AIM agrees to do this in the future, AIM will place all orders pursuant to its investment determinations on behalf of client's portfolio through the broker-dealer selected by the client, even though AIM may be able to obtain a more favorable net price and execution from another broker-dealer in particular transactions. A client who designates the use of a particular broker-dealer should understand that it may lose (i) the possible advantage that AIM's other clients derive from aggregation of orders for several clients as a single transaction for the purchase or sale of a particular security and (ii) the ability of AIM to effectively negotiate the commission rate, obtain volume discounts and best execution may not be achieved. In addition, under these circumstances a disparity in commission rates may exist between commissions charged to other clients. Such a client's trades may also be placed after the trades of clients which have not designated a particular broker-dealer.

### **Soft Dollars**

AIM does not enter into "soft dollar arrangements," where AIM directs client commissions to a broker-dealer that provides research and brokerage services to AIM. Investment managers selected by AIM typically direct brokerage on the basis of best execution and/or the provision of research services by executing broker-dealers. These investment managers may enter into soft dollar arrangements that allow the manager to use research services provided by an executing broker for the benefit of all of the manager's clients, not just the clients who generated the commissions. Research services obtained by the use of commissions arising from such a manager's portfolio transactions may be used by the manager in its other investment activities. Private fund managers may cause a fund to pay for services other than research which are included in the commission rate. These other services may include, without limitation, introductions to potential new investors, office space, facilities and equipment; administrative and accounting support; investment personnel; supplies and stationery; telephone lines, usage and equipment and other items which might otherwise be treated as an expense of the manager. This use of commissions in effect constitutes additional compensation to the managers.

## **Item 13 – Review of Accounts**

### **Reviews**

Reviews may be initiated either by AIM's staff or a client. Several situations could prompt a review of a client's strategic asset allocation: adding new exposures to our set of investable asset classes, changes in the long-term return outlook or risk assessment for any given assets, realized performance or risk that is inconsistent with a client's long-term objectives, changes in a client's circumstances, or any other reasons determined during periodic reviews of the client's portfolio and investment policy. AIM's Chief Investment Officer and its Managing Director of Strategy and Risk Management, with their operations staff, typically review clients' asset allocation compared to their objectives, targets and ranges, and compare risk measurements for clients' accounts at least quarterly.

### **Reports**

Clients typically will receive monthly performance reports from AIM. Certain clients also receive activity reports, which typically set forth account balances, transactions by the client during the quarter and net gains (losses) after deducting expenses attributable to the client. Performance reports include asset allocations and detail performance returns compared to a broad-based securities index. On a quarterly basis, AIM may provide more detailed reports of performance, actual and target asset allocation, and manager information. Face-to-face meetings are available upon client request. More frequent reporting is available and special reports are available upon client request and for which we may charge an additional fee.

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

AIM does not currently, but may in the future, compensate people or firms for providing client referrals.

## **Item 15 – Custody**

Adviser does not maintain physical custody of client assets, which are held by the client's independent qualified custodian. Under the Advisers Act, an adviser has custody if it acts in any capacity that gives the adviser legal ownership of, or access to, the client funds or securities. One common instance is an adviser automatically deducts advisory fees from clients' accounts. Clients typically authorize AIM to deduct its advisory fees automatically. Clients that have advisory fees automatically deducted will receive regular statements from their custodian that show the amounts of all fees deducted. Clients should review their account statements carefully. Clients are encouraged to compare the account statements received from their qualified custodian with any reports received from Adviser. Pursuant to Rule 206(4)-2 under the Advisers Act (known as the "Custody Rule"), as the manager of a private fund, Adviser is deemed to have constructive custody of the assets of the Fund. Each investor in the Fund will be provided with a copy of the Fund's annual audited financial statements no later than 180 days after the end of its fiscal year.

## **Item 16 – Investment Discretion**

Pursuant to the terms of their Investment Advisory Agreement with AIM, clients typically grant AIM discretionary authority to allocate client's assets, to select and terminate investment managers, to negotiate investments in private funds, and to negotiate custodial and transactions costs on their behalf, where possible. AIM has no obligation to supervise or direct investments held in client accounts that were not recommended, or that are not subject to review, by AIM for a fee. When allocating assets and selecting investment managers, AIM applies an SRI policy and the client's written investment policies, limitations and restrictions as the parties may agree upon. Any investment restrictions that a client wishes to impose on our management of its account must be provided to us in writing.

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

Pursuant to proxy voting policies adopted by us, proxies will be voted in a manner consistent with an SRI policy that we believe follows Catholic social teaching and current standards of ethical practice. While retaining our right to vote any particular proxy, AIM has engaged an independent third party, Institutional Shareholder Services, Inc. (“ISS”), to vote proxies relating to securities held in certain clients’ accounts, although a client may direct AIM to vote otherwise. AIM has directed ISS to vote proxies according to its US Catholic proxy voting guidelines, which are based in part upon guidance from the U.S. Conference of Catholic Bishops. A client may obtain a copy of our complete proxy voting policies and procedures and information about how we voted any proxies on behalf of their accounts during the prior twelve months, free of charge upon request.

### **Item 18 – Financial Information**

AIM is not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual obligations to clients.

### **Item 19 – Requirements for State-Registered Advisers**

Because AIM is a federally registered investment adviser, this item is not applicable.