

**Item 1 – Cover Page**

**Part 2A Appendix 1  
Wrap Fee Program Brochure**

**The American Institute for Advanced Investment Management, LLP  
Doing Business Under the Name AIM Capital**

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Date of Disclosure Brochure: March 2019

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This Wrap Fee Program Brochure provides information about the qualifications and business practices of The American Institute for Advanced Investment Management, LLP (also referred to as we, us and AIM Capital throughout this disclosure brochure). If you have any questions about the contents of this brochure, please contact Philip Nagel at 480-346-1556 or [phil@aimcapaz.com](mailto:phil@aimcapaz.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 Capital is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for The American Institute for Advanced Investment Management, LLP or our firm's CRD number 165183.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

There have been no material changes to this brochure since the last Wrap Free Brochure dated March 2018.

We will ensure that you receive a summary of any material changes to this and subsequent Wrap Fee Program Disclosure Brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time, we will also offer or provide a copy of the most current Wrap Fee Program Disclosure Brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## Item 4 – Services, Fees and Compensation

AIM Capital is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a limited liability partnership (LLP) formed under the laws of the State of Arizona.

AIM Capital offers asset management services through a wrap fee management program. In our wrap fee management program, clients may elect to pay expenses under a “traditional” payment option meaning that advisory services are provided for a fee but transaction services are billed separately on a per-transaction basis, or may elect the bundled “wrap fee” payment option meaning that advisory services (including asset management) and transaction cost (including ticket charges) are provided for one fee. Our Asset Management Services are considered a wrap fee program. Whenever a fee is charged for services described in this Wrap Fee Program Brochure, we will receive all or a portion of the fee charged.

When making the determination of whether one of the advisory programs available through AIM Capital is appropriate for your needs, you should bear in mind that fee-based accounts, when compared with commission-based accounts, often result in lower costs during periods when trading activity is heavier, such as the year an account is established. However, during periods when trading activity is lower, the fee-based account arrangements may result in a higher annual cost for transactions. Thus, depending on a number of factors, the total cost for transactions under a fee account versus a commission account can vary significantly. Factors which affect the total cost include account size, amount of turnover, type and quantities of securities purchased or sold, commission rates and your tax situation. It should also be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and AIM Capital.

You should discuss the advantages and disadvantages of fee-based and commission-based accounts with your adviser representative and you should read this Wrap Fee Disclosure Brochure carefully as it explains, in detail, our Asset Management Services.

### Asset Management Services

AIM Capital offers asset management services, which involves AIM Capital providing you with continuous and ongoing supervision over your accounts. The AIM Capital Asset Management Program (AIM Program) is a wrap fee program. In providing asset management services, AIM Capital will continuously monitor your account and make trades in your accounts when necessary. Your account will be managed by AIM Capital based on your financial situation, investment objectives and risk tolerance. AIM Capital will actively monitor your account and will make management recommendations and decisions regarding buying, selling, reinvesting or holding securities, cash or other investments.

We recommend that your assets to be allocated to our AIM Program be maintained in an advisory account with LPL, an SEC registered broker/dealer and member NYSE/SIPC. LPL, or other Broker Dealer Platform approved by LPL will be the qualified custodian for all accounts established through our AIM Program. You will appoint AIM Capital as your investment adviser of record on specified accounts. Your account will consist only of separate account(s) held by the qualified custodian under your name.

**AIM Capital does not act as custodian and does not have direct access to your funds and securities except to have advisory fees deducted from your account with your prior written authorization.** The qualified custodian will maintain physical custody of all funds and securities of your

Account, and you will retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) for your account.

You will authorize AIM Capital to have trading authorization on your account and we will provide asset management services. You will authorize either discretionary or non-discretionary management in your agreement for our AIM Program. If you have authorized us to provide asset management services on a discretionary basis, we will make all decisions to buy, sell or hold securities, cash or other investments in your managed account in our sole discretion without consulting with you before making any transactions. You must provide us with written authorization to exercise this discretionary authority, and you can place reasonable restrictions and limitations on our discretionary authority.

Fees charged for our asset management services are charged based on a percentage of assets under management, billed in advance (at the start of the billing period) on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the previous billing period. The initial Account Fee is due at the beginning of the quarter following execution of this Agreement and will include the prorated fee for the initial quarter in addition to the standard quarterly fee for the upcoming quarter. Subsequent Account Fee payments are due and will be assessed at the beginning of each quarter based on the value of the Account assets under management as of the close of business on the last business day of the preceding quarter as valued by an independent pricing service, where available, or otherwise in good faith as reflected on Client's quarterly portfolio evaluation report. Additional deposits and withdrawals will be added or subtracted from portfolio assets, as the case may be, which may lead to an adjustment of the Account Fee.

For our AIM Program asset management services, clients will be charged the following annual fee based upon the amount of assets under management:

<u>Assets Under Management</u>	<u>Maximum Annual Fee</u>
\$0 – \$500,000	1.600%
\$500,001 – \$1,000,000	1.350%
1,000,001 - \$5,000,000	1.100%
\$5,000,001 and above	0.850%

The Management Fees charged for our asset management services may be negotiable dependent on the type of client, the complexity of the client's situation, the composition of the client's account (i.e., equities versus mutual funds), the potential for additional account deposits, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client.

The AIM Program account is a wrap fee account, meaning you do not pay transaction charges associated with trade execution. The AIM Program may cost you more or less than if the assets were held in a traditional brokerage account. In a brokerage account, you are charged commissions for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If you plan to follow a buy and hold investment strategy for the account or do not wish to purchase ongoing investment advice or management services, you should consider opening a brokerage account rather than a AIM Program account.

The only compensation received by AIM Capital for asset management services is the annual fee as specified in the client's advisory services agreement. AIM Capital receives no other forms of compensation in connection with providing asset management services.

AIM Capital believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

You can choose how to pay your investment advisory fees. The investment advisory fees can be deducted from your account and paid directly to our firm by the qualified custodian(s) of your account or you can pay our firm upon receipt of a billing notice sent directly to you.

If you choose to have the investment advisory fees deducted from your account, you must authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to AIM Capital.

You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

If you choose to pay the fees after receiving a statement, fees are due upon your receipt of a billing notice sent directly to you. The billing notice will detail the formula used to calculate the fee, the assets under management and the time period covered. Fees for the services of our firm will be due immediately after your receipt of the billing notice.

Each client participating in our Asset Management Services will have the option to elect whether or not to bundle the transaction ticket fees that are charged by the qualified custodian as part of the fee for asset management services. If you elect to have transaction ticket fees that are charged by the qualified custodian bundled with the fee for our Asset Management Services, then the transaction ticket fees charged by the qualified custodian will be billed directly to AIM Capital by the qualified custodian for your account. If you elect not to bundle the transaction ticket fees charged by the qualified custodian with the fee for asset management services, then the transaction ticket fees will be billed directly to your account by the qualified custodian. AIM Capital will not receive any portion of such transaction ticket fees.

You may incur certain charges imposed by third parties other than AIM Capital in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by AIM Capital are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

The asset management services continue in effect until terminated by either party (i.e., AIM Capital or you) by providing written notice of termination to the other party. Any prepaid, unearned fees will be promptly refunded by AIM Capital to you. Fee refunds will be determined on a pro rata basis using the number of days services are actually provided during the final period.

## **Retirement Plan Services**

For retirement plan sponsor clients, AIM Capital will charge an annual fee that is calculated as a percentage of the value of plan assets. This fee is negotiable based upon the complexity of the plan, the size of the plan assets, the actual services requested and the potential for additional deposits.

If AIM Capital charges an annual fee based upon the value of the plan assets, we charge an annual fee based on the following schedule:

<u>Assets Under Management</u>	<u>Maximum Annual Fees</u>
\$0 – \$500,000	1.500%
\$500,001 – \$1,000,000	1.250%
1,000,001 - \$5,000,000	1.00%
\$5,000,001 and above	0.750%

For retirement plan sponsors and participants, fees are billed in arrears (at the end of the billing period) on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the previous billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. Retirement plan sponsors may also elect to pay all or a portion of fees for the individualized services provided by us to the plan participants.

Fee will be directly deducted from clients' accounts. Clients are required to provide the custodian with written authorization to deduct the fees from the account and pay the fees to AIM Capital. We will provide the custodian with a fee notification statement.

The services will terminate upon thirty (30) days following either party providing the other party with written notice. If services are terminated within five business days of signing the client agreement, services are terminated without penalty. Any prepaid but unearned fees are promptly refunded to the client at the effective date of termination.

AIM Capital does not reasonably expect to receive any other compensation, direct or indirect, for its Services. If we receive any other compensation for such services, we will (i) offset that compensation against our stated fees, and (ii) will disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

## **Block Trading**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when AIM Capital believes such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

AIM Capital uses the pro rata allocation method for transaction allocation.

Under this procedure, pro rata trade allocation means an allocation of the trade at issue among applicable advisory clients in amounts that are proportional to the participating advisory client's intended investable

assets. AIM Capital will calculate the pro rata share of each transaction included in a block order and assigns the appropriate number of shares of each allocated transaction executed for the client's account.

If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which AIM Capital or our associated persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation as a result of block trades.

### **Suitability and Investment Strategy**

AIM Capital will assist clients in determining their objective(s), investment strategy, and investment suitability, prior and subsequent to opening an Asset Management account. Clients must contact us to notify of any changes in their investment objective(s) and/or financial situation. Investment strategies used to implement investment advice include, but are not necessarily limited to, long term purchases (investments held at least a year); short term purchases (investments sold within a year); and option writing, including cover options, uncovered options or spreading strategies.

### **Additional Compensation, Economic and Non-Economic Benefits**

Our representatives are also registered representatives of LPL Financial, a securities broker-dealer. You may work with your investment adviser representative in his or her separate capacity as a registered representative of LPL Financial. When acting in his or her separate capacity as a registered representative, your investment adviser representative may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to you. As such, your investment adviser representative may suggest that you implement investment advice by purchasing securities products through a commission-based brokerage account in addition to or in lieu of a fee-based investment-advisory account. This receipt of commissions creates an incentive to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as a registered representative of a securities broker-dealer. Consequently, the objectivity of the advice rendered to you could be biased.

You are under no obligation to use the services of our representatives in this separate capacity or to use LPL Financial and can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use LPL Financial. Prior to effecting any such transactions, you are required to enter into a new account agreement with LPL Financial. The commissions charged by LPL Financial may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

## **Item 5 – Account Requirements and Types of Clients**

### **Minimum Account Size**

There are no minimum investment amounts or conditions required for establishing an account managed by AIM Capital. However, all clients are required to execute an agreement for services in order to establish a client arrangement with AIM Capital and/or the third-party money manager or the sponsor of third-party money manager platforms.



## **Types of Accounts**

AIM Capital generally provides investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Pension/Profit Sharing Plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

You are required to execute a written agreement with AIM Capital specifying the particular advisory services in order to establish a client arrangement with AIM Capital.

## **Item 6 – Portfolio Manager Selection and Evaluation**

AIM Capital and its Investment Adviser Representatives act as the portfolio manager(s) for accounts receiving our Asset Management Services. Our Asset Management Service is considered a wrap fee program. For this service, we do not allow the use of portfolio managers that are not associated with AIM Capital. In other words, the only portfolio managers selected for managing client assets for our Asset Management Services are Investment Adviser Representatives of AIM Capital. Therefore, conflicts of interest present in other wrap fee programs that make available both affiliated and unaffiliated portfolio managers are not present in our wrap fee program. Because our Asset Management Services program does not provide for outside portfolio managers, we do not have procedures designed to select outside portfolio managers.

### **Participation in Wrap Fee Programs**

AIM Capital offers asset management services, through our Asset Management Services Program, which is a wrap fee management program. In our wrap fee management program, you may elect to pay expenses under a “traditional” payment option meaning that advisory services are provided for a fee but transaction services are billed separately on a per-transaction basis, or you may elect the bundled “wrap fee” payment option meaning that advisory services (including portfolio management or advice regarding selecting other investment advisers) and transaction services are provided for one fee. Our Asset Management Services are considered a wrap fee program. Whenever a fee is charged to a client for services described in this Wrap Fee Program Brochure, we will receive all of a portion of the fee charged.

From a management perspective, there is not a fundamental difference in the way we manage accounts that have elected the traditional payment option versus those that have elected the bundled wrap fee payment option. The only significant difference is the way in which transaction costs are paid.

### **General Description of Other Advisory Services**

The following are descriptions of the primary advisory services of AIM Capital. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and AIM Capital before we can provide you the services described below.

**Financial Planning & Consulting Services** - AIM Capital offers financial planning services, which involve preparing a written financial plan covering specific or multiple topics. We provide full written financial plans, which typically address the following topics: Investment Planning, Retirement Planning,

Insurance Planning, Tax Planning, Education Planning, Portfolios Review, and Asset Allocation. When providing financial planning and consulting services, the role of your investment adviser representative is to find ways to help you understand your overall financial situation and help you set financial objectives. We also provide modular written financial plans which only cover those specific areas of concern mutually agreed upon by you and us. A modular written financial plan is limited or segmented and does not involve the creation of a full written financial plan. You should be aware that there are important issues that may not be taken into consideration when your investment adviser representative develops his or her analysis and recommendations under a modular written financial plan. Written financial plans prepared by us under this Agreement do not include specific recommendations of individual securities. We also offer consultations in order to discuss financial planning issues when you do not need a written financial plan. We offer a one-time consultation, which covers mutually agreed upon areas of concern related to investments or financial planning. We also offer “as-needed” consultations, which are limited to consultations in response to a particular investment or financial planning issue raised or request made by you. Under an “as-needed” consultation, it will be incumbent upon you to identify those particular issues for which you are seeking our advice or consultation on.

Our financial planning and consulting services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You have the sole responsibility for determining whether to implement our financial planning and consulting recommendations. To the extent that you would like to implement any of our investment recommendations through AIM Capital or retain AIM Capital to actively monitor and manage your investments, you must execute a separate written agreement with AIM Capital for our asset management services.

**Retirement Plan Services** - AIM Capital offers retirement plan services to retirement plan sponsors and to individual participants in retirement plans. For a corporate sponsor of a retirement plan, our retirement plan services can include, but are not limited to, the following services:

#### Fiduciary Consulting Services

AIM Capital provides the following Fiduciary Retirement Plan Consulting Services:

- Non-Discretionary Investment Advice. AIM Capital will provide you with general, non-discretionary investment advice regarding assets classes and investment options, consistent with your Plan’s investment policy statement.
- Investment Selection Services. AIM Capital will provide you with recommendations of investment options consistent with ERISA section 404(c).
- Investment Monitoring. AIM Capital will assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement and AIM Capital will make recommendations to maintain or remove and replace investment options.

For Fiduciary Consulting Services, all recommendations of investment options and portfolios will be submitted to you for your ultimate approval or rejection. For retirement plan Fiduciary Consulting Services, the retirement plan sponsor client or the plan participant who elects to implement any recommendations made by us is solely responsible for implementing all transactions.

Fiduciary Consulting Services are not management services, and AIM Capital does not serve as administrator or trustee of the plan. AIM Capital does not act as custodian for any client account or have access to client funds or securities (with the exception of, some accounts, having written authorization from the client to deduct our fees).

AIM Capital acknowledges that in performing the Fiduciary Consulting Services listed above that it is acting as a “fiduciary” as such term is defined under Section 3(21)(A)(ii) of Employee Retirement Income Security Act of 1974 (“ERISA”) for purposes of providing non-discretionary investment advice only. AIM Capital will act in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause AIM Capital to be a fiduciary as a matter of law. However, in providing the Fiduciary Consulting Services, AIM Capital (a) has no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of Client’s retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of Client’s retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of Client’s retirement plan or the interpretation of Client’s retirement plan documents, (b) is not an “investment manager” as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets, and (c) is not the “Administrator” of Client’s retirement plan as defined in ERISA.

#### Fiduciary Management Services

AIM Capital provides clients with the following Fiduciary Retirement Plan Management Services:

- Discretionary Management Services. AIM Capital will provide you with continuous and ongoing supervision over the designated retirement plan assets. AIM Capital will actively monitor the designated retirement plan assets and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Plan. We have discretionary authority to make all decisions to buy, sell or hold securities, cash or other investments for the designated retirement plan assets in our sole discretion without first consulting with you. We also have the power and authority to carry out these decisions by giving instructions, on your behalf, to brokers and dealers and the qualified custodian(s) of the Plan for our management of the designated retirement plan assets.

If you elect to utilize any of AIM Capital’s Fiduciary Management Services, then AIM Capital will be acting as an Investment Manager to the Plan, as defined by ERISA section 3(38), with respect to our Fiduciary Management Services, and AIM Capital hereby acknowledges that it is a fiduciary with respect to its Fiduciary Management Services.

#### Non-Fiduciary Services

Although an investment adviser is considered a fiduciary under the Investment Advisers Act of 1940 and required to meet the fiduciary duties as defined by the Advisers Act, the services listed here as non-fiduciary should not be considered fiduciary services for the purposes of ERISA since Advisor is not acting as a fiduciary to the Plan as the term “fiduciary” is defined in Section 3(21)(A)(ii) of ERISA. The exact suite of services provided to a client will be listed and detailed in the Qualified Retirement Plan Agreement.

AIM Capital provides clients with the following Non-Fiduciary Retirement Plan Consulting Services:

We can also meet with individual participants to discuss their specific investment risk tolerance, investment time frame and investment selections.

Securities and other types of investments all bear different types and levels of risk. Those risks are typically discussed with clients in defining the investment policies and objectives that will guide investment decisions for their qualified plan accounts. Upon request, as part of our retirement plan services, we can discuss those investments and investment strategies that we believe may tend to reduce these risks for a particular client's circumstances and plan participants.

Clients and plan participants must realize that obtaining higher rates of return on investments entails accepting higher levels of risk. Based upon discussions with the client, we will attempt to identify the balance of risks and rewards that is appropriate and comfortable for the client and other employees. It is still the clients' responsibility to ask questions if the client does not fully understand the risks associated with any investment. All plan participants are strongly encouraged to read prospectuses, when applicable, and ask questions prior to investing.

We strive to render our best judgment for clients. Still, AIM Capital cannot assure that investments will be profitable or assure that no losses will occur in their portfolios. Past performance is an important consideration with respect to any investment or investment advisor, but it is not necessarily an accurate predictor of future performance.

AIM Capital will disclose, to the extent required by ERISA Regulation Section 2550.408b-2(c), to you any change to the information that we are required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which we are informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable).

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), we will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or Plan Administrator (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable) all information related to the Qualified Retirement Plan Agreement and any compensation or fees received in connection with the Agreement that is required for the Plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued thereunder.

If we make an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), we will disclose to you the correct information as soon as practicable, but no later than thirty (30) days from the date on which we learn of such error or omission.

### **Limits Advice to Certain Types of Investments**

AIM Capital provides investment advice on the following types of investments:

- Mutual Funds
- Exchange Traded Funds (ETFs)
- Exchange-listed Securities
- Securities Traded Over-the-Counter
- Foreign Issues
- Warrants
- Corporate Debt Securities
- Commercial Paper
- Certificates of Deposit
- Municipal Securities

- Variable Annuities
- Variable Life Insurance
- US Government Securities
- Interests in Partnerships Investing in Real Estate

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

### **Tailor Advisory Services to Individual Needs of Clients**

AIM Capital's advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

### **Performance-Based Fees and Side-By-Side Management**

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. AIM Capital **does not charge or accept performance-based fees.**

### **Methods of Analysis**

AIM Capital uses the following methods of analysis in formulating investment advice:

Cyclical – This method analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell

decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

**Fundamental** – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong and could therefore lead to an unfavorable investment decision.

There are risks involved in using any analysis method.

To conduct analysis, AIM Capital gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases.

### **Investment Strategies**

AIM Capital uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

Option writing including cover options, uncovered options or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investments do not produce the expected returns, the value of the investment will decrease.

### **Voting Client Securities**

AIM Capital does not vote proxies on behalf of Clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us. However, you will have the ultimate responsibility for making all proxy-voting decisions.

### **Item 7 – Client Information Provided to Portfolio Managers**

Only Investment Adviser Representatives of AIM Capital serve as portfolio managers for our Asset Management Services Program. Our associated Investment Adviser Representatives are responsible for gathering all information provided by you. We will interview and work with you to gather all information needed relative to your investment objectives and needs in order to provide management services through our Asset Management Services Program. You are responsible for promptly contacting your Investment Adviser Representative to notify us of any changes to your financial situation that will impact or materially influence the way we manage your accounts. Since we do not use any outside portfolio managers, we do not share your information with any outside portfolio managers.

### **Item 8 - Client Contact with Portfolio Managers**

Only Investment Adviser Representatives of AIM Capital serve as portfolio managers for our Asset Management Services Program. There are no restrictions placed on your ability to contact and consult with their portfolio managers. It is the policy of AIM Capital to provide for open communications between the Investment Adviser Representatives and clients. You are encouraged to contact your Investment Adviser Representative whenever you have questions about the management of your account(s).

### **Item 9 - Additional Information**

#### **Disciplinary Information**

We have no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or the integrity of our management.

#### **Other Financial Industry Activities and Affiliations**

AIM Capital is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent registered investment registered adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment adviser representatives with AIM Capital.



### **Registered Representative of a Broker-Dealer**

Our representatives are also registered representatives of LPL Financial, a securities broker-dealer. You may work with your investment adviser representative in his or her separate capacity as a registered representative of LPL Financial. When acting in his or her separate capacity as a registered representative, your investment adviser representative may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to you. As such, your investment adviser representative may suggest that you implement investment advice by purchasing securities products through a commission-based brokerage account in addition to or in lieu of a fee-based investment-advisory account. This receipt of commissions creates an incentive to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as a registered representative of a securities broker-dealer. Consequently, the objectivity of the advice rendered to you could be biased.

You are under no obligation to use the services of our representatives in this separate capacity or to use LPL Financial and can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use LPL Financial. Prior to effecting any such transactions, you are required to enter into a new account agreement with LPL Financial. The commissions charged by LPL Financial may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

### **Insurance Agent**

You may work with your investment adviser representative in his or her separate capacity as an insurance agent. When acting in his or her separate capacity as an insurance agent, the investment adviser representative may sell, for commissions, general disability insurance, life insurance, annuities, and other insurance products to you. As such, your investment adviser representative in his or her separate capacity as an insurance agent, may suggest that you implement recommendations of AIM Capital by purchasing disability insurance, life insurance, annuities, or other insurance products. This receipt of commissions creates an incentive for the representative to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as an insurance agent. Consequently, the advice rendered to you could be biased. You are under no obligation to implement any insurance or annuity transaction through your investment adviser representative.

### **Interest in Client Transactions and Code of Ethics**

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary and has a fiduciary duty to all clients. AIM Capital has established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. The Code of Ethics covers all individuals that are classified as “supervised persons”. All employees, officers, directors and investment adviser representatives are classified as supervised persons. AIM Capital requires its supervised persons to consistently act in your best interest in all advisory activities. AIM Capital imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm’s fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of AIM Capital. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

AIM Capital or associated persons of the firm may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a conflict of interest. It is the express policy of AIM Capital that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. AIM Capital and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, associated persons):

- Associated persons cannot prefer their own interests to that of the client.
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider".
- Associated persons are discouraged from conducting frequent personal trading.
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of AIM Capital.

Any associated person not observing our policies is subject to sanctions up to and including termination.

### **Account Reviews**

Managed accounts are reviewed at least annually or more frequently as required based upon market conditions. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by Philip Nagel and/or William Hill, with reviews performed in accordance with your investment goals and objectives.

### **Account Statements and Reports**

For our asset management services, you are provided with transaction confirmation notices and regular quarterly account statements directly from the qualified custodian.

You are encouraged to always compare any reports or statements provided by us, a sub-adviser or third-party money manager against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

## **Client Referrals**

AIM Capital does not directly or indirectly compensate any person for client referrals.

The only compensation received from advisory services is the fees charged for providing investment advisory services. AIM Capital receives no other forms of compensation in connection with providing investment advice.

We may from time to time receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as client appreciation events, advertising, publishing, and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for which sales have been made or for which it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. We attempt to control for this conflict by always basing investment decisions on the individual needs of our clients.

## **Financial Information**

AIM Capital does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, AIM Capital has not been the subject of a bankruptcy petition at any time.

## **Item 10 - Customer Privacy Policy Notice**

In November of 1999, Congress enacted the Gramm-Leach-Bliley Act (GLBA). The GLBA requires certain financial institutions, such as investment advisor firms, to protect the privacy of customer information. In situations where a financial institution does disclose customer information to nonaffiliated third parties, other than permitted or required by law, customers must be given the opportunity to opt out or prevent such disclosure. AIM Capital does not share or disclose customer information to nonaffiliated third parties except as permitted or required by law.

AIM Capital is committed to safeguarding the confidential information of its clients. AIM Capital holds all personal information provided by clients in the strictest confidence and it is the objective of AIM Capital to protect the privacy of all clients. Except as permitted or required by law, AIM Capital does not share confidential information about clients with nonaffiliated parties. In the event that there were to be a change in this policy, AIM Capital will provide clients with written notice and clients will be provided an opportunity to direct AIM Capital as to whether such disclosure is permissible.

To conduct regular business, AIM Capital may collect personal information from sources such as:

- Information reported by the client on applications or other forms the client provides to AIM Capital
- Information about the client's transactions implemented by AIM Capital or others

- Information developed as part of financial plans, analyses or investment advisory services

To administer, manage, service, and provide related services for client accounts, it is necessary for AIM Capital to provide access to customer information within the firm and to nonaffiliated companies, (optional to include examples of outside firms), with whom AIM Capital has entered into agreements with. To provide the utmost service, AIM Capital may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on AIM Capital's behalf.

- Information AIM Capital receives from the client on applications (name, social security number, address, assets, etc.)
- Information about the client's transactions with AIM Capital or others (account information, payment history, parties to transactions, etc.)
- Information concerning investment advisory account transactions
- Information about a client's financial products and services transaction with AIM Capital

Since AIM Capital shares nonpublic information solely to service client accounts, AIM Capital does not disclose any nonpublic personal information about AIM Capital's customers or former customers to anyone, except as permitted by law. However, AIM Capital may also provide customer information outside of the firm as required by law, such as to government entities, with broker-dealer firms having regulatory requirements to supervise certain of AIM Capital's activities, consumer reporting agencies or other third parties in response to subpoenas. In the event that AIM Capital has a change to its customer privacy policy that would allow it to disclose non-public information not covered under applicable law, AIM Capital will allow its clients the opportunity to opt out of such disclosure.