

# **Allen Investment Management, LLC**

## **Part 2A of Form ADV The Brochure**

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New York, NY 10022  
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This brochure provides information about the qualifications and business practices of Allen Investment Management, LLC (“AIM”). If you have any questions about the contents of this brochure, please contact us at 212-832-8000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. AIM is registered as an investment adviser with the SEC. This registration does not, however, imply a certain level of skill or training of any AIM personnel.

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

## **MATERIAL CHANGES**

There are no material changes to AIM's Form ADV Part 2A since the last annual update in March 2023.

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## **ADVISORY BUSINESS**

Founded in 2002, Allen Investment Management, LLC (“AIM” or the “Firm”) is a New York limited liability company that also conducts business as Allen & Company Investment Advisors (“ACIA”). It is a wholly-owned subsidiary of Allen Operations LLC, which is also the parent company of Allen & Company LLC (“Allen & Company”), a global investment banking firm and broker-dealer under common control with AIM.

### **Allen Investment Management, LLC**

AIM provides customized wealth management services to high net worth individuals, family offices, trusts, foundations and similarly situated individuals or entities on a discretionary and non-discretionary basis (“Clients”). AIM also provides investment advisory services to the ACIA Asset Allocation Fund LP (“ACIA Fund”), a pooled investment vehicle that is still in the process of being wound down. AIM is also the sub-advisor to the Carnegie Hill Insurance Dedicated Fund, a Series of the SALI Multi-Series Fund, LP (“Carnegie Hill Fund”).

### **Customized Wealth Management Services**

Pursuant to individually-tailored advisory agreements, AIM provides discretionary and non-discretionary investment portfolio management by AIM’s experienced investment advisory professionals (“Customized Wealth Management Services”), including but not limited to: (a) outsourced family office services; (b) customized portfolio management; (c) concentrated equity services; (d) multi asset class portfolio management (develop customized asset allocation program(s) and manage portfolio(s) across varying asset classes); (e) long only equity management; investment manager selection and due diligence (source and underwrite investments with third-party managed funds); (f) opportunistic investments (source investments to take advantage of market dislocations or idiosyncratic opportunities); (g) portfolio construction; (h) monitoring and rebalancing; (i) cash flow modeling; and (j) fund management and liquidity management. Clients may impose restrictions on AIM’s ability to invest in certain securities based on their objectives.

### **Funds Advised by AIM**

AIM is the investment adviser to the ACIA Fund that is being wound down. The ACIA Fund used to be diversified across broad asset classes but has only one private security left in it. As of January 31, 2024, approximately 98% of ACIA Fund assets have been distributed to limited partners. In addition to cash to pay estimated expenses, the ACIA Fund has only one private security left in it that will run off in approximately five years. The ACIA Fund will not make any new investments or solicit new investors. AIM also serves as the investment sub-advisor to the Carnegie Hill Fund. AIM managed/manages the assets of each fund in accordance with the terms of their governing documents.

As of December 31, 2023, AIM had \$13,796,387,101 in regulatory assets under management with approximately \$11,305,498,798 managed on a discretionary basis and approximately \$2,490,888,303 managed on a non-discretionary basis.

## **FEES AND COMPENSATION**

### **Customized Wealth Management Services**

AIM's fees for Customized Wealth Management Services are subject to negotiation and are tailored to the types of services provided. Fees may be based upon one or more of the following: (a) a percentage of assets under management ("AUM"); (b) a schedule of fixed fees for particular types of services; and/or (c) an incentive-based fee. AIM may also charge an asset-based fee for its services (typically between 50-100 bps or less depending on asset size). On occasion if requested by a Client, AIM may have performance-based components to fees. Customized Wealth Management Services fees are clearly set forth in each Client's investment management agreement. Fees that are calculated as a percentage of assets under management vary from Client to Client depending on the assets and the services provided. Fees are typically billed/direct-debited on a quarterly basis in arrears after quarter end.

Investment management agreements can generally be terminated by either party by giving advanced notice in writing. If an investment management agreement or a separately managed account ("SMA") is terminated in the middle of a billing period, any fees for that period will be prorated to the date of termination. For Clients invested in the ACIA Fund prior to wind-down, AIM charged the limited partner through the ACIA Fund and does not charge a management fee on the investment in the ACIA Fund held within the Client's SMA.

AIM also allocates Clients' assets to third-party managers. For instance, this may occur where a third-party manager would provide a Client exposure to a certain type of security or market desired by the Client that is not directly managed or offered by AIM. AIM Clients with assets allocated to one or more third-party managers are charged a separate fee by the third-party manager(s) in addition to the management fee charged by AIM discussed above. Third-party management fees are generally based on the amount of allocated assets and also could include performance incentive fees. AIM discloses third-party fee arrangements to the Client prior to any allocation. Clients are responsible for paying AIM's and third-party manager's fees irrespective of the performance of their portfolios.

Fees charged for accounts associated with Allen & Company, AIM employees and other related accounts may pay no fees or pay lower fees compared to the above. In addition, AIM has the discretion to waive minimum investment amounts for these accounts.

### **ACIA Asset Allocation Fund**

As of July 1, 2022, AIM stopped charging the ACIA Fund a Management Fee.

### **Carnegie Hill Fund**

AIM serves as the subadvisor to the Carnegie Hill Fund. The management fee is 61bps on the first \$150 million and 56bps on amounts in excess of \$150 million, 11bps and 6bps, respectively of which goes to the investment manager of the Fund. There is no performance-based fee.

### **Expenses Paid by ACIA Fund Investors**

The ACIA Fund bears investment-related expenses without limitation. This includes: (a) administration, organization and travel expenses; (b) underlying portfolio funds fees; (c) expenses incurred for buying/selling illiquid securities or in connection with the offer/sale of any interest; (d) brokerage commissions as well as interest on margin accounts and other indebtedness; (e) bank service fees; (f) research expenses; (g) professional expenses as to consulting/experts, legal, audit, accounting, tax and tax preparation; and (h) extraordinary expenses.

### **Expenses Paid by AIM**

AIM bears its own operating and overhead expenses for providing investment management services to Clients. This includes salaries, bonuses, rent, office, utilities, administrative expenses, depreciation, amortization and auditing expenses. Unless otherwise specifically agreed, AIM bears the cost for its own tax, accounting, legal and other professional services.

A Client may also incur brokerage and other transaction fees such as commissions, mark-ups or mark-downs. These fees are discussed in the **BROKERAGE PRACTICES** section of this brochure.

### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Performance-based fees are fees based on a share of a Client's capital gains or capital appreciation. Some clients have performance fees. An adviser charging performance fees faces certain conflicts because the adviser can potentially receive greater fees from its accounts having a performance-based compensation structure than from those accounts it charges a fee unrelated to performance (e.g., an asset-based fee). Thus, the adviser may have an incentive to direct the best investment ideas to, or to allocate or sequence trades in favor of, the account that pays a performance fee. The Firm is required to treat its Clients fairly in relation to such conflicts of interest and will make decisions for Client portfolios in accordance with its fiduciary responsibilities. Consistent with this fiduciary duty, AIM's trading procedures seek to ensure that all Clients are treated fairly and equitably and that no Client account is advantaged or disadvantaged over another.

If a limited investment opportunity is appropriate for one or more managed accounts, AIM's trade allocation policy dictates that the opportunity be allocated fairly and equitably based on appropriate factors such as including Clients' investment objectives and available capital. AIM monitors its trade allocation policy on an ongoing basis to ensure compliance.

AIM also routinely reviews its resources for Customized Wealth Management Services to ensure that it has the dedicated resources needed to manage all Client accounts.

### **TYPES OF CLIENTS**

AIM provides investment advice to clients and private investment vehicles that are available only to certain U.S. persons that are "Accredited Investors" under the Securities Act of 1933, as amended, and to certain non-U.S. persons. AIM also provides Customized Wealth

Management Services to high-net-worth individuals, family offices, trusts, foundations, institutions and similar types of Clients.

No new limited partners are being added to the ACIA Fund as it's in wind down, nor have any new limited partners been added since it went into liquidation on March 1, 2022.

A minimum investment amount of \$500,000 is required to invest in the Carnegie Hill Fund.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. Method of Analysis and Investment Strategies**

#### **Customized Wealth Management Services**

AIM uses a variety of different investment strategies, tools, methods and information depending on the Client's particular circumstance and the services AIM is engaged to provide.

Implementation of any investment plan also involves varying degrees of risk and the potential for loss, which depends in part on each Client's specific investment goals and risk tolerances.

### **B. General Disclosures: Risk of Loss**

Listed below are some of the additional risks associated with Client investments. The following discussion of risks is neither exhaustive nor applicable to every Client. Rather, it highlights some of the more significant risks regarding Clients' investment strategies. For a complete explanation of Clients' relevant investment strategies and associated risks, Clients should review the relevant offering documents or investment management agreement. Those documents have more fulsome information on strategies, risks and other related details not discussed below.

Terms that appear in capital letters take on the meaning defined in the offering documents.

All securities investing and trading activities risk the loss of capital. The value of Carnegie Hill Fund, for which AIM serves as the sub-advisor, may fluctuate. Furthermore, securities and financial instruments in which AIM may invest are subject to change. In fact, the market value of any particular investment may be subject to substantial variation. No assurance can be given that Client accounts will generate any income or appreciate in value.

Clients of AIM's Customized Wealth Management Services may also request AIM to pursue additional investment strategies for their individual accounts, either on a discretionary or non-discretionary basis. Among several strategies that AIM pursues for these Clients, the most significant strategy in terms of the number of Clients affected is referred to as the "Global Market Leaders Strategy", or GML Strategy. The GML Strategy seeks to invest in approximately 15 – 20 dominant global franchise businesses at attractive prices. AIM chooses businesses that command leading market shares within their respective industries and are generally diversified across both geographies and currencies. Such companies represent what AIM believes are durable business models that operate in industries with high barriers to entry and generally limited competition. AIM also chooses companies in which management teams are focused on

capital allocation and on generating returns for their shareholders via share repurchases and dividend payouts. In addition, AIM seeks companies in its GML strategy that it believes are both effective and efficient with their capital, as demonstrated by their long-term track record of returns on invested capital. Because the GML Strategy is a long-only equity strategy, it is subject to the types of risks attendant with such a strategy. For instance, limited diversification may result in the concentration of risk, which in turn could expose this strategy to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such securities. In addition, the value of equity securities in this strategy will generally vary with the performance of the issuer and movements in the equity markets. The GML Strategy may therefore suffer losses if it invests in equity instruments of issuers whose performance diverges from AIM's expectations of those equity markets. This becomes especially true if it moves in a single direction and AIM has not anticipated such a general move. Also, as a long-term strategy, the GML Strategy may be subject to short-term fluctuations in price related to market movements and issuer-specific events, some of which could cause the portfolio to materially decline in value.

### **C. Certain Other Risk Factors:**

**Business Dependent Upon Key Individuals.** For those Clients that are limited partners in third-party portfolio funds, the limited partners have no authority to make decisions or to exercise business discretion on behalf of the funds; the relevant general partner of the fund has decision-making authority. The success of the fund depends in large part on certain members of the investment manager of the fund. Should they become incapacitated or in some other way cease to participate in the fund, its performance could be adversely affected. The success of the portfolio managers also depends on the active involvement of certain key individuals. Fund success is also impacted by the relevant general partners' and the portfolio managers' ability to develop and implement investment strategies that achieve the fund's investment objective. Subjective decisions made by the relevant general partner and/or the portfolio managers may cause the funds to incur losses or to miss profit opportunities on which it would otherwise have capitalized.

**Capital Markets Risk.** The risk that the Client may not receive distributions or may experience a significant loss in the value of its investment if the issuer cannot obtain funding in the capital markets.

**Cash Management.** A Client may hold cash or money market instruments. The percentage of a Client invested in and among such holdings varies and depends on market conditions as well as purchases and withdrawals of Interests. A Client may agree to certain restrictions on the liquidity of the underlying cash or money market instruments in exchange for a more favorable interest rate or increased capacity (i.e., "time deposits"). Furthermore, when instruments other than demand deposits of cash are held (i.e. money market instruments or short-term securities), there may be greater market risk, liquidity risk or the risk of operational delays in converting the instrument into cash. Demand deposits in cash are generally not collateralized and would give rise to an unsecured claim in the event of the bankruptcy of the deposit-taking institution.



**Changes in Market/Economy/Laws Risks.** Adverse changes in market and economic conditions, tax or other laws or regulations or accounting standards may have an adverse effect on Clients and their investments and on the value of, and consequences of, holding their investments. However, there is no way to predict reliably whether such changes will occur and to what extent these changes may adversely affect Clients.

**Commodity Risk.** The risk that the Client will experience losses because the issuer has direct exposure to a commodity that has experienced a sudden change in value.

**Concentration Risk.** The increased risk of loss associated with not having a diversified portfolio. Diversified accounts have less overall exposure to adverse economic, business, or political conditions that might disproportionately affect a particular region, issuer or sector. Accounts concentrated in one region, issuer or industry are therefore more likely to experience greater loss due to adverse conditions.

**Corporate Event Risk.** Investments in companies that are the subject of publicly disclosed mergers, takeover bids, exchange offers, tender offers, spin-offs, liquidations, corporate restructuring, and other similar transactions may not be profitable due to the risk of the transaction failure.

**Counterparty Risk.** An advisory account may be exposed to the credit risk of counterparties with which - or the brokers, dealers, custodians and exchanges through which- it engages in transactions.

**Credit Ratings.** An advisory account may use credit ratings to evaluate securities even though such credit ratings might not fully reflect the true risks of an investment.

**Cybersecurity Risks.** AIM and other investment managers and funds in which Clients may invest and their service providers are susceptible to cyber security risks that include, among other things: theft, unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential and highly restricted data, denial of service attacks, unauthorized access to relevant systems, compromises to networks or devices that such parties and their service providers use to service operations, or operational disruption or failures in the physical infrastructure or operating systems that support such parties and their service providers. Cyber-attacks against or security breakdowns of AIM and other investment managers and funds in which Clients may invest or their service providers may adversely impact the Clients and funds in which they may invest. This could potentially result in a multitude of issues such as: (i) financial losses; (ii) inability to transact business and to process transactions; (iii) violations of applicable privacy and other laws; (iv) regulatory fines or penalties; (v) reputational damage; (vi) reimbursement or other compensation costs; and/or (vii) additional compliance costs. AIM and other investment managers and funds in which Clients may invest may incur additional costs for cyber security risk management and remediation purposes. Cybersecurity risks may also impact issuers of securities in which Clients invest, which may cause a Client's investment in such issuers to lose value. There is no guarantee that AIM, other investment managers, funds in which Clients may invest or any of their service providers will not suffer losses relating to cyber-attacks or other information security breaches in the future.

**Data Sources Risk.** Information from third-party data sources to which the Firm subscribes may be incorrect.

**Economic Conditions.** Changes in economic conditions may materially and/or adversely impact a Client's investment performance. Examples of such conditions includes but is not limited to interest rates, inflation rates, currency and exchange rates, industry conditions, competition, technological developments, trade relationships, financial trends, political/diplomatic events, political/diplomatic trends and tax laws. These types of conditions may cause volatility, illiquidity or other potentially adverse effects in the financial markets. Economic or political turmoil, a deterioration of diplomatic relations or a natural or man-made disaster in a region or country where AIM's Client assets are invested may result in adverse consequences to such Client's portfolios. None of these conditions are or will be within the control of AIM, and no assurances can be given that AIM will anticipate these developments.

**Epidemics, Pandemics and Market Disruption.** AIM's business may be materially affected by conditions in the global financial markets and economic conditions or events throughout the world that are outside of AIM's control. This includes but is not limited to, economic uncertainty, slowdown in global growth, changes in laws (including laws relating to taxation and regulations on the financial industry), geo-political clashes (such as the current war in Ukraine), due to disease, pandemics or other severe public health events. Worth noting as well are trade and travel barriers, volatility in commodity prices, currency exchange rates and controls and other national and international political circumstances. Disease, pandemics, or other severe public health events (such as novel strain of coronavirus from December 2019) may necessitate partial or complete remote work. Heavy reliance on external sources for information and technology may make a business more vulnerable to cybersecurity incidents and cyberattacks. See "Cybersecurity Risks" above for an additional discussion about cybersecurity risks.

**Equity and Equity-Related Securities and Instruments Risk.** The value of common stocks of U.S. and non-U.S. issuers may be affected by factors specific to the issuer, the issuer's industry and the risk that stock prices historically rise and fall in periodic cycles.

**Exposure to Material Non-Public Information.** From time to time, AIM or its affiliates may receive material non-public information in connection with investments of a Client, with respect to an issuer of publicly traded securities. In such circumstances, AIM may be prohibited, by law, policy or contract, including any "restricted list" maintained by AIM, for a period of time from (i) unwinding a position in such issuer for any Client; (ii) establishing an initial position or taking any greater position in such issuer for any Client; and (iii) pursuing other investment opportunities related to such issuer of any Client. This situation may restrict AIM's ability to take actions that it otherwise may want to take for the Client to achieve potential benefits or avoid losses for the Client.

**Financial Failure of Intermediaries.** There is always the possibility that the institutions, including brokerage firms and banks, with which Clients or third-party portfolio funds do business, or to which securities have been entrusted for custodial purposes, will encounter

financial difficulties that may impair their operational capabilities or result in losses to the Clients or to such funds.

**Force Majeure.** Portfolio investments may be affected by force majeure events. Force majeure events are those that are beyond the control of the party claiming that the event has occurred (i.e., acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemics, other serious public health concerns, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, technology failures, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events may adversely affect the ability of a party to perform its obligations until the force majeure event is remedied. Force majeure events might adversely impact the cash flows available from companies or partnerships in which AIM may invest, cause personal injury or loss of life, damage property, or instigate disruptions of service. In addition, the cost to repair or replace damaged assets from a force majeure event could be high, which could impact Client investments. Force majeure events that cannot be fixed or cured may have a permanent adverse effect on any investment held by Client accounts. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally.

**Fundamental Analysis.** Certain trading decisions made by AIM may be based on fundamental analysis. Data on which fundamental analysis relies may be inaccurate or may be generally available to other market participants. Fundamental market information is subject to interpretation. To the extent that AIM misinterprets the meaning of certain data, a Client may incur losses.

**Investing Globally.** Issuers are generally subject to different accounting, auditing and financial reporting standards in different countries throughout the world. Markets in different countries may vary as to: (i) trading volume; (ii) price volatility; (iii) issuer liquidity; (iv) hours of business; (v) outside investor access; and (vi) general customs. In addition, government supervision and regulation of markets, securities exchanges, securities dealers and listed/unlisted companies is different around the world. Some countries' laws may limit the ability of Clients, either directly or indirectly through funds in which the Client invests, to invest in securities of certain issuers located in those countries. There also may be a lack of adequate legal recourse for the redress of disputes or legal systems that are highly prejudicial to outside investors.

Different markets also have different clearance and settlement procedures. Delays in settlement could result in temporary periods when a portion of the assets of a fund, directly or indirectly through underlying portfolio funds, is un-invested and no return is earned thereon. If the relevant investment manager or a portfolio manager cannot make intended security purchases due to settlement problems, the funds they manage could miss attractive investment opportunities. Inability to dispose of portfolio securities due to settlement problems could also result in losses.

Investments in non-U.S. securities and foreign securities markets have differences not typically associated with investing in U.S. securities that increases risk, including but not limited to: (i) currency exchange matters; (ii) absence of uniform accounting, auditing and financial reporting

standards/practices; (iii) disclosure requirements; and (iv) less government supervision and regulation.

In some countries, additional risks and practical limitations are possible, including but not limited to: (i) expropriation or confiscatory taxation; (ii) imposing withholding or other taxes on dividends, interest, capital gains, other income or gross sale or disposition proceeds; (iii) limiting the removal of funds or other assets managed by the relevant investment managers or the portfolio managers; (iv) managed or manipulated exchange rates and other issues affecting currency conversion; (v) political or social instability or diplomatic developments impacting investments. An issuer of securities may also be domiciled in a country other than the country in whose currency the instrument is denominated. As such, the values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other.

All the risks identified above may be greater in emerging markets.

**Investment and Due Diligence Process.** Before making investments, AIM conducts due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, AIM may be required to evaluate important and complex business, financial, tax, accounting and legal issues. When conducting due diligence and making an assessment regarding an investment, AIM relies on the resources reasonably available to it, which may not be sufficient, accurate, complete or reliable. Due diligence may not reveal or highlight matters that could have a material adverse effect on the value of an investment.

**Investment Valuations by Third Party Managers.** Third-party managers that Clients invest in may include securities for which there is not a readily ascertainable market price. Such securities are nevertheless generally valued by such funds as applicable, which valuation may be deemed conclusive with respect to the funds, even though the relevant investment manager and the portfolio managers generally face a conflict of interest in valuing such securities because the value thereof affects their compensation. There is no guarantee that the determined value of a particular asset or liability by the funds represents actual or realized value should it be immediately or eventually sold or liquidated.

**Market/Volatility Risk.** The risk that the value of the assets in which a Client account invests may decrease (potentially dramatically) in response to the prospects of individual companies, particular industry sectors or governments. This could also be in response to changes in interest rates and national and international political and economic events due to increasingly interconnected global economies and financial markets. In addition, rising interest rates, various bank failures and volatile markets contribute to potential instability in the banking sector, which raises a variety of risks for investors. While AIM reviews third party service providers and counterparties, it may not be possible to eliminate risks associated with banking relationships or transactions when they arise.

**Operational Risk.** The risk of loss arising from shortcomings or failures in internal processes or systems of the Firm, external events impacting those systems and human error. Operational risk

can arise from many factors ranging from routine processing errors to potentially costly incidents such as major system failures. Client accounts may also trade instruments, where operational risk is heightened due to such instruments' complexity.

**Proprietary Investment Strategies.** The investment managers of third-party portfolio funds may use proprietary investment strategies that are based on considerations and factors that are not fully disclosed to the funds or its limited partners. Depending on the market, the strategies may involve unanticipated risks. Investment managers also generally use investment strategies that differ from those typically employed by traditional managers of portfolios of stocks and bonds. Their strategies may involve significantly more risk and higher transaction costs than more traditional investment methods. Funds may seek to reduce these risks by spreading their investments among a variety of different portfolio managers using investment strategies with returns that are not expected to be highly correlated with one another. But it is also possible that their performance is closely correlated to some market conditions, resulting (if those returns are negative) in significant losses to the funds and their investors.

**Reliance on Corporate Management and Financial Reporting.** Many of the strategies implemented by AIM rely on the financial information made available by the issuers in which Clients invests. AIM will have little or no ability independently to verify the financial information disseminated by the issuers in which Clients invest. Rather, AIM relies on the integrity of both the management of these issuers and the financial reporting process in general. Clients may incur material losses because of corporate mismanagement, fraud and accounting irregularities.

**Systemic Risk.** Systemic risk may arise if one of several large institutions that are dependent on one another to meet their liquidity or operational needs fails. A default by one institution may cause a series of defaults by the other institutions. Systemic risk may adversely affect financial intermediaries, such as clearing houses, banks, securities firms and exchanges with which AIM interacts. A systemic failure could have material adverse consequences on AIM, the Fund, and on the markets for the securities in which AIM seeks to invest on behalf of its Clients.

**Tiered Fee Structure.** For those Clients that invest in third-party portfolio funds, management and other fees may be charged at different levels. Irrespective of any profits realized, the fund must pay its operating expenses and management fees to the investment manager and any relevant general partner and portfolio managers. As a result of the "multi-manager" investment strategy, the fund (and indirectly investors in it) may bear multiple management fees (in addition to AIM's management fees) as well as incentive allocations. These fees in the aggregate may exceed the typical fees and allocations of an investment with a single portfolio manager.

**Uncertain Exit Strategies.** Investment and portfolio managers are generally unable to predict with precision or accuracy what the exit strategy will be, if any, for positions that are less liquid in nature. Exit strategies that appear to be viable when an investment is initiated may not be viable later due to liquidity, economic, issuer- specific, legal or other factors.

## **DISCIPLINARY INFORMATION**

AIM and its employees have never been involved in any legal or disciplinary events that would be material to a Client's evaluation of the company or its personnel.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **Broker-Dealer**

Allen & Company LLC ("Allen & Company") is a wholly owned subsidiary of Allen Operations LLC, parent of AIM, and is a registered broker-dealer under the Securities Exchange Act of 1934, as amended.

### **Other Business Activities**

The employment by affiliates, such as Allen & Company, of officers, directors, members, and/or employees of AIM could also create additional conflicts of interest. Some of the officers, directors, and/or employees of AIM are also officers, directors, members, and/or employees of Allen & Company or its affiliates. As such, AIM and certain of its affiliates may have conflicts of interest in the allocation of management, services, and functions. Generally, individuals may spend no more than 10% of their time on non-advisory activities. However, some administrative executive officers of AIM spend the majority of their time on activities related to Allen & Company and other AIM affiliates.

AIM employees may from time to time serve as directors or in similar capacities for companies whose securities are purchased or held by Client portfolios. Additionally, AIM employees and affiliates may from time to time make investments in other companies. These companies include: (i) other investment advisers, including other managers recommended by AIM to its Clients; and (ii) other managers who may have similar or competing investment strategies to other managers recommended by AIM to its Clients. In limited cases, AIM may make certain employees available to assist with various administrative and back-office activities that may create conflicts of interests in the allocation of services and functions for AIM and its Clients. In the event that AIM or its employees: (i) obtain material non-public information with respect to any portfolio company on whose board of directors he or she serves, or (ii) are subject to trading restrictions pursuant to the internal trading policy of such a portfolio company, AIM may be prohibited from engaging in transactions in the securities of such company for all of its Clients. AIM may also be prohibited from engaging in transactions on behalf of its Clients in the securities of a company if a Client serves as a director or officer, or in situations where AIM learns of material non-public information from a Client. These situations may restrict AIM's ability to take actions it would otherwise want to take for a Client to achieve potential benefits or avoid losses for the Client. Finally, employees of AIM may receive compensation for serving as a director of portfolio companies of Allen & Company or have other financial interests in them. This may be true as to companies whose securities are purchased or held by Client portfolios directly or through third-party funds.



## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

To avoid potential conflicts of interest involving personal trading, AIM has adopted a Code of Ethics (the “Code”), which includes formal policies and procedures to address insider trading, information barriers, receiving material non-public information, and personal security transactions. AIM’s Code requires its employees to place Client interests ahead of the Firm’s, engage in personal investing only if it is Code-compliant, avoid taking advantage of their position and comply fully with applicable federal securities laws.

The Code also imposes limitations on gifts and entertainment (given or received) and requires pre-clearance approval for political contributions. In addition, employees are required to disclose their all outside business affiliations, which includes any employment outside of AIM, any compensation received outside of AIM, and any board or other positions with any organization.

AIM has policies and procedures designed to prevent its employees from misusing material nonpublic information (including information about AIM’s Clients) in their personal trades. AIM maintains a Restricted List and a Watch List of securities subject to sales or trading activity prohibitions. Prior to soliciting a trade or making a trade for a client, employees must review the Restricted List to determine whether the securities of the issuing company have been restricted. If a company is listed on the Restricted List, employees are generally prohibited from trading in that company’s securities. Exceptions may be granted by the Chief Compliance Officer on an extremely limited basis and only in situations where AIM and the relevant employees are not in possession of material nonpublic information.

All employees must receive approval from the Legal & Compliance department prior to any personal security transactions. The Legal & Compliance department uses an automated pre-clearance system available to all employees. The employee must represent, among other things, that he or she has no material, nonpublic information and that he or she has had no contact with the issuer for a period of six months. If the employee has had such contact, he or she will be directed to contact Legal & Compliance for further instructions. If the employee obtains approval for the trade, he or she may execute that trade only on the day approval was granted for securities (or the following day if approval occurs after trading hours) or as otherwise specifically permitted by the Legal and Compliance Department. If the employee is denied approval, he or she is prohibited from executing the trade.

AIM’s policies and procedures comply with Rule 204A-1 of the Advisers Act. A copy of AIM’s Code of Ethics is provided to Clients or prospective Clients on request.

### **Participation or Interest in Client Transactions – Recommendations to Clients of Products in which AIM or Related Person has a Financial Interest**

Certain conflicts may result from Allen & Company and its related persons and affiliates being engaged in the proprietary trading, investment banking, corporate finance, and capital markets businesses. Accounts of AIM’s related persons and affiliates may invest in private securities that are outside of the investment program for individual private accounts except in limited such investments may not be made for such Client

accounts. Because of this, such investments may not be made except in limited instances. For instance, AIM may recommend to Clients or exercise its discretion to invest their funds with third-party fund managers with whom Allen & Company and its affiliates have pre-existing Client or investor relationships. With respect specifically to third-party early-stage venture funds, AIM and Allen & Company will pursue investment opportunities separately and without any expectation of sharing information or investment opportunities. Thus, the proprietary investment activities of Allen & Company may limit the availability of investment opportunities for AIM Clients. Allen & Company and AIM expect to make referrals of potential third-party funds to each other for consideration from time to time although there is no obligation that they do so. In some cases, both Allen & Company and AIM may consider investing in a referred fund, but each entity will conduct its own evaluation of the fund and the ultimate decision whether to invest will be determined separately by each entity based on their own unique criteria for evaluating such investments. AIM's criteria will include, factors such as whether: (i) AIM reasonably believes the fund would be suitable for its Clients; (ii) AIM would reasonably expect there to be sufficient Client interest in such fund; (iii) the private fund will provide AIM with a sufficient allocation for AIM's Clients to justify the time and resources AIM will expend in evaluating the fund for investment by its Clients; and (iv) AIM would be required to create a special purpose investment vehicle for such investment and whether such a vehicle is available or could be formed within the time required to fund the investment.

Accounts of AIM's related persons and affiliates may also invest in public securities that are within the investment program for individual AIM Client accounts. At the same time, AIM may be independently trading in such securities at the same time, which might affect the trading price of such securities. In addition, to the extent permitted by the Employment Retirement Income Security Act of 1974, as amended, Allen & Company and its affiliates may earn fees and other compensation for performing investment banking or corporate finance services for issuer in which Clients of fund may invest. Furthermore, the investment bankers, salespeople, traders, and other professionals of AIM's affiliates may provide oral or written advice, market commentary or trading strategies to corporate Clients that reflects opinions contrary to the opinions expressed by AIM to its clients or the Funds. Because of internal compliance policies, the Funds and AIM Clients related to Allen & Company may be precluded or restricted from investing in certain issuers that have engaged Allen & Company or its affiliates as a financial advisor or underwriter or in another type of advisory role.

During the course of AIM's research and due diligence process, it may be introduced by Allen & Company to third-party fund managers and/or their affiliates whereby Allen & Company may have an existing business relationship. In these instances, Allen & Company may engage in banking relationships with or make investments in certain portfolio companies in which these third-party advisers may also invest. Allen & Company may also assist these companies with private capital raise transactions, public offerings and M&A advice. There is also the potential that third-party fund managers may use Allen & Company services directly whether by receiving advisory services or by using Allen & Company's trading expertise and capabilities.

Based on Allen & Company's existing relationships with these third-party fund managers, these relationships may present a conflict of interest or the appearance of one. This is the case because of the incentive for AIM to recommend that Clients allocate a portion of their assets to



these managers to encourage the continuation or possible expansion of a financially beneficial relationship between a third-party fund manager and Allen & Company. In addition, there is the possibility that third-party fund managers may continue to do business with Allen & Company (either directly or through its portfolio companies) to encourage AIM to maintain or increase the advisory assets that AIM allocates to these managers that provide a financial benefit to them.

### **Participation or Interest in Client Transactions – Buys or Sells Securities for Itself**

AIM and its related persons and affiliates may manage or invest capital for their own respective accounts, Client accounts, and other investment vehicles such that there may be financial incentives to favor certain accounts over Clients accounts. Such accounts may compete with Clients for specific trades or may hold positions opposite to positions maintained on behalf of Clients. Such accounts may also make investment and other decisions that are inconsistent with the recommendations or views expressed by AIM to its Clients or the Funds. AIM and its related persons and affiliates may give advice and recommend securities to, or buy or sell securities for, certain Clients. This may differ from advice given to, or securities recommended or bought or sold for, other Clients/accounts even though their investment objectives may be similar.

### **Potential Conflicts between Managed Accounts and AIM-Managed Funds**

From time to time, AIM may advise a managed account that has been opened to trade side-by-side with an AIM Fund or one of the senior investment personnel for an AIM Fund may also be the senior advisory person exercising discretion over the trading in a managed account. Such circumstances may give rise to a conflict between the interests of the relevant AIM Fund and those of the managed account Client. In particular:

- The management fees charged to the Fund may create an incentive to favor the Fund in the allocation of “new issues” and other limited investment opportunities. Conversely, the management fees charged to the managed account may create such an incentive to the disadvantage of the Fund;
- Fund redemptions and the resultant liquidation of securities positions may adversely impact the value of the same securities held in the managed account. Conversely, the liquidation of managed account positions may adversely impact the value of the same securities held by the Fund;
- To avoid adverse impact, AIM may choose to liquidate the Fund’s or the managed account’s positions on an extended timeframe thereby delaying the remittance of cash to investors or the managed account Client; and
- Other unforeseen conflicts may arise between the interests of the Fund and the managed Client account.

In providing advisory services to the Funds and its managed account Clients, AIM attempts to

minimize the occurrence and impact of conflicts of interest and seeks to address any conflicts in a fair and equitable manner.

## **BROKERAGE PRACTICES**

### **Participation or Interest in Client Transactions – As Broker or Agent for a Client**

For trading, Clients are encouraged to use one of the three firms where AIM has established relationships -- Pershing Advisors Solutions, Charles Schwab and/or Fidelity Investments (“AIM Brokers”). AIM generally uses AIM Brokers to execute all securities transactions for Client accounts. AIM reasonably believes that the AIM Brokers provide best execution based on the following factors: (i) the ability to effect prompt and reliable execution at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected, depending on the size of the order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker; (iv) the broker’s risk in positioning a block of securities; (v) the quality, comprehensiveness and frequency of valuable and available research services; and (vi) the competitiveness of commission rates in comparison with other brokers that satisfy AIM’s selection criteria. The Firm also bundles and directs its trading activity to AIM Brokers for each group of Clients which have chosen to work with each of the AIM Brokers. Clients of course may choose not to use AIM Brokers. The factors to consider in making that choice are discussed below.

### **Directed Brokerage**

Clients who choose not to use the AIM Brokers must direct AIM as to which brokerage firm (“Other Broker”) to use in writing (and include any limitations in that written communication). Clients will be responsible for managing the relationship with the Other Broker and negotiating pricing. As to pricing, Clients may lose any discounts that we negotiate with the AIM Brokers. As a result, Clients may pay higher transaction costs or brokerage commissions, and we may be unable to achieve the most favorable execution. In addition, not using AIM Brokers may preclude Clients from participating in certain investment opportunities because the Other Broker may not have access to certain securities. Directing AIM to use an Other Broker might also affect the timing of Clients’ transactions; there may be times when we may not trade with the Other Broker until all AIM Brokers trades are completed, which might result in Clients’ orders being executed on less favorable terms. Finally, Other Brokers may not have the systems or expertise to effectively process transactions as the AIM brokers, which AIM has already determined.

### **Participation or Interest in Client Transactions – As Broker or Agent for Any Person Other Than a Client**

Neither AIM nor any of its related persons or affiliates engage in agency cross transactions (as defined in Reg. § 275.206(3)-2 promulgated by the SEC under the Advisers Act) whereby such entity would act as a broker for both a Client or the Funds or any Fund investor and for another person on the other side of the transactions. Except in limited instances, accounts of AIM and its related persons and affiliates invest in private securities that are generally outside of the investment program for individual Client accounts and therefore such investments will not be

made for such Client accounts.

If at any time AIM or any of its affiliates elects to engage in an agency cross transaction, thereby receiving commissions from, and having a potentially conflicting division of loyalties and responsibilities with respect to, both parties subject to the transaction, AIM will request that each participating Client and/or Fund investor to provide prior written consent as required under Rule 206(3)-2. In addition, to the extent the General Partner or any of its affiliates act as principal in a transaction with the Funds, they will do so only in compliance with Section 206(3) the Advisers Act.

### **Research and Other Soft Dollar Benefits**

AIM does not currently have any formal soft dollar arrangement in place with brokers. However, because of commissions charged to Client accounts, AIM may receive research and other ancillary benefits such as pricing information and market data that may be used by AIM for its investment advisory services. The benefits received fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934 and subject to the SEC's guidance on Section 28(e). To the best of AIM's knowledge, the research and other benefits these brokers receive are generally made available to all institutional investors doing business with them on an unsolicited basis. This is the case regardless of commissions charged/paid by AIM or the volume of business AIM directs to such brokers.

Generally, research services provided by broker-dealers may include information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis, and analysis of corporate responsibility issues. Such research services are received primarily in the form of written reports, telephone contacts, and personal meetings with security analysts. In addition, such research services may be provided in the form of access to various computer-generated data and meetings arranged with corporate and industry spokespersons, economists, academicians, and government representatives. In some cases, research services are generated by third parties but are provided to AIM by or through broker-dealers.

AIM believes it is important to its investment decision-making processes to have access to independent research. AIM also enters into direct arrangement with independent research providers for which it bears the costs directly.

### **Trade Allocation Policy and Procedures**

On occasion, AIM may buy or sell the same securities for more than one Client. AIM has allocation procedures if this occurs. AIM may aggregate Client trades when such aggregation is expected to be in the best interest of all participating Clients.

There may be times when the Firm is in the position of buying or selling the same security for the Managed Accounts on the same day. Because of market fluctuations, the prices obtained on

such transactions within a single day may vary substantially. As such, one Client may receive the benefit of the more favorable prices while another Client would not. To more equitably allocate the effects of such market fluctuations for certain transactions, the Firm has implemented the following “allocation” procedure.

Where practicable and unless otherwise instructed by a Client to use a particular broker-dealer or to obtain a specified price, all approved orders for a day to purchase or sell a particular security should be combined or “batched” by trading venue and executed as a block transaction in the Firm’s average price account to facilitate best execution. Orders sent, per Client instructions, to different brokers will not be aggregated. Where a block trade is executed on behalf of Client accounts, the average price of the block should be used. If all orders placed on behalf of Clients for the purchase or sale of a particular security cannot be filled at a price or prices considered favorable, an allocation method should be administered that is fair and reasonable to all Clients participating in the transactions. AIM generally allocates the amounts actually purchased or sold among Clients in proportion to the total number of shares sought to be purchased or sold for that Account as indicated on an order ticket or other documentation prepared prior to execution. In each case, the price shown on the confirmations of Client purchases or sales will be the average execution price of all purchases or sales for that day. In addition, commission is charged to clients at the account level after allocation.

For non-discretionary account holders, the Wealth Management Portfolio Manager generally requests permission to execute trades for non-discretionary account holders via email. When the Portfolio Manager receives approval from the account holder, he or she will communicate the same to the Operations Team with instructions on how much must be purchased and/or sold and share amounts. The Operations Team will execute trades in the AIM average price account for all orders on each Client’s relevant platform. Should additional approvals come in on the same day, those orders will also be executed in the average price account with final allocations and average price determined at the end of the day. If an order is “partially filled,” the allocation shall be made in the best interests of that day’s approved Clients’ orders considering all relevant factors. This includes, but is not limited to, the size of each Client’s allocation, each Client’s liquidity needs, and previous allocations. Normally, AIM seeks to ensure that accounts will get a pro-rata allocation based on the initial allocation.

## **Trade Errors**

The Firm takes the utmost care in making and implementing investment decisions on behalf of the Funds and Clients. To the extent that any trade errors occur, they are to be; (i) corrected as soon as practicable and in such a manner that the Funds or such Client(s) incur minimal or no loss; (ii) reported to the Chief Compliance Officer; and (iii) scrutinized carefully with a view toward implementing procedures to prevent or reduce future errors as needed. The Firm will bear any costs associated with correcting any trade error. If a trade error occurs, is corrected and remains in the Client account, then any gains associated with that trade error will be retained by the affected Client(s). The Firm will maintain a trade error file that contains relevant documentation necessary to substantiate the actions taken to resolve each error. The Firm will inform the affected Client(s) of any trade error that occurs and is corrected in that particular Client account.

## **REVIEW OF ACCOUNTS**

As part of its Customized Wealth Management services, AIM offers various types of reviews such as comprehensive financial reviews, asset allocation reviews, portfolio risk reviews and operational due diligence reviews. AIM also performs various daily, weekly, monthly, quarterly and periodic reviews of the Carnegie Hill Fund and Clients' portfolios. Such reviews are conducted and/or overseen by senior investment officers, portfolio managers and research associates.

## **Reports to Clients**

Clients work with their investment advisory representatives to design a reporting program and procedure that addresses their needs and circumstances. In addition, certain Clients and Fund investors are given access to a Client-only website, where information and reports are available for Client and investor review at least on a quarterly basis.

With respect to the ACIA Fund, the General Partner will furnish each investor with information necessary for tax reporting. On an annual basis, limited partners are sent the ACIA Fund's annual audited financial statements.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

### **Referrals of Customized Wealth Management Clients**

AIM compensates the personnel of its affiliate, Allen & Company LLC, for the referral of Clients to AIM. Such referral fees are typically 10% of the management fees earned by AIM with respect to such referred Clients and are paid on a quarterly basis for as long as the Clients remain Clients of AIM. A referral fee arrangement presents a conflict of interest, creating an incentive for these individuals to refer prospective Clients to AIM based on the referral fees that will be received if the prospective Clients become actual Clients of AIM (as opposed to the best interests of the prospective Clients). Such conflict will usually be mitigated (at least in part) by the affiliate's obligation to place the interest of the Clients over its economic interests. Any prospective Client referrals made by personnel of AIM's affiliate are subject to the same diligence and suitability analysis that AIM performs for all prospective Clients.

When personnel of AIM's affiliates are compensated for the referrals, AIM provides prospective investors or Clients with disclosures related to such compensation (and associated conflicts) via offering documents or separately. Nevertheless, prospective investors should independently assess when the investment with AIM is in their best interests and appropriately aligned with their investment objectives and guidelines, investment restrictions (if any), asset allocation guidelines and restrictions, liquidity needs, and overall risk/return profiles.

## **CUSTODY AND INVESTMENT DISCRETION**

AIM may have access to Client accounts because it is the investment manager of the ACIA Fund (while it is still in the wind-down process). ACIA Fund investors will not receive statements from the custodians. AIM will complete a liquidation audit upon completion of the wind down of the ACIA Fund. AIM is not responsible for custody of Carnegie Hill Fund assets as subadvisor to the Fund.

Client assets that are held in a custodian account by unaffiliated broker/dealers or banks are qualified custodians. Certain Clients give AIM broad authority to effect transactions or cash remittances of cash from their custodian account to first or third parties without the Client's signed authorization. In these instances, AIM is deemed to have custody of the cash and/or securities in the relevant account and complies with the "surprise audit" and other requirements of the SEC's custody rule. In other cases, AIM may have custody solely because Clients authorized AIM to deduct advisory fees from their accounts. In those cases, AIM also complies with the requirements of the SEC's custody rule; however, these accounts are not subject to the surprise audit. Custodians will send statements directly to Clients on at least a quarterly basis, and such Clients should carefully review these statements, and should compare these statements to any account information provided by AIM. For accounts where AIM is not deemed to have custody, AIM's access to the cash and securities of Clients is generally limited to those transfers that are necessary for purposes of investment and AIM is generally not authorized to withdraw cash or any other assets from the Client's custodian account or to transfer or remit cash or any other assets to any first or third parties.

Clients decide, in consultation with their investment advisory representatives, what amount of discretion to provide to AIM with respect to portfolio management and any other advisory services. For Clients that engage AIM to provide discretionary advisory services, AIM will be authorized to purchase and sell securities without notifying the Client pursuant to a limited power of attorney granted to AIM authorizing such transactions.

## **VOTING CLIENT SECURITIES**

AIM will not exercise proxy or class action voting authority over Client securities on behalf of Clients. The obligation to vote Client proxies and class actions shall always rest with Clients. Clients are not precluded from contacting AIM for advice or information about a particular proxy or class action vote. But AIM shall not be deemed to have voting authority because it provided such advice to the Client.

Should AIM inadvertently receive proxy or class action information for a security held in Client's account, then AIM will immediately forward the information to the Client. AIM will not take any further action as to the voting of such proxy or class action. Upon termination of its investment management agreement, AIM shall make a good faith and reasonable attempt to forward proxy or class action information to the Client that is inadvertently sent to AIM.

AIM's complete proxy voting policy and procedures are memorialized in writing and are

available for review upon request.

#### **FINANCIAL INFORMATION**

AIM has never filed for bankruptcy and is not aware of any financial condition that is reasonably likely to impair AIM's ability to meet contractual commitments to Clients.