

Part 2A Appendix 1 of Form ADV: Wrap Fee Program Brochure

Form ADV, Part 2A, Item 1

Cover Page



Allison Investment Management, LLC

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**FORM ADV PART 2A APPENDIX 1
WRAP FEE PROGRAM BROCHURE**

This brochure provides information about the qualifications and business practices of Allison Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at (803) 806-8400. 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 Allison Investment Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Allison Investment Management, LLC is 124645.

Allison Investment Management, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Material Changes

Allison Investment Management, LLC is established as a Registered Investment Advisor under the Securities and Exchange Commission's rules and regulations.

Since the filing of the most recent annual ADV update on February 24, 2023 there have been the following material changes between the information previously reflected in the former Form ADV and this Brochure:

- None

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Services, Fees and Compensation

Founded in 2002, Allison Investment Management, LLC (hereinafter may be referred to as “AIM”) is a Registered Investment Adviser based in Columbia, South Carolina, and incorporated under the laws of the State of South Carolina. AIM is registered with the State of South Carolina and is subject to its rules and regulations. AIM is owned by John E. Allison and David L. Allison. AIM’s investment advisory services may include, but are not limited to, the review of client investment objectives and constraints, investment recommendations, portfolio management, and investment performance measurement. AIM may offer financial planning in conjunction with our investment advisory services. The client’s asset-based investment management fee covers the cost of this additional service. This service is intended to help clients facilitate discussions with outside professionals about various topics that AIM believes may be appropriate to consider such as estate planning, insurance, tax planning, and banking services, but is not a substitute for personalized advice from legal or tax professionals. AIM provides discretionary and non-discretionary investment advisory services to its clients through various managed account programs. AIM will assist clients in determining the suitability of the managed account programs.

WRAP FEE PROGRAM

A “wrap fee program” is a program under which investment advisory and brokerage execution services are provided for a single “wrapped” fee.

AIM will be the sole manager of this “wrap fee program”. This “wrap fee program” is sponsored by Triad-Advisors, LLC. AIM is not an affiliated entity of Triad-Advisors, LLC. This “wrap fee program” offers a participant a suite of services such as asset allocation, portfolio management, trade execution, and certain administrative activities, all for an annual, asset-based fee.

Fees and Compensation

The following types of fees will be assessed:

Asset Management — Fees are charged quarterly in advance and are based primarily on asset size and the level of complexity of the services provided. In individual cases, AIM has the sole discretion to negotiate fees that are lower than the standard fee shown or to waive fees. Fees are not based on the share of capital gains or capital appreciation of the funds. Fees for the initial quarter will be prorated based upon the number of calendar days in the calendar quarter that the advisory agreement is in effect. Quarterly fees are based on the market value of the assets on the last business day of the previous quarter. Annual fees range from .60% - 1.50% depending on the amount of assets under management (“AUM”) – See chart below. Consulting and financial planning services are included in these fees for asset management services.

Fee Schedule for Asset Management:

| Total Household Assets Under Management | Maximum Annual Advisory Fee |
|---|-----------------------------|
| \$0 - \$500,000 | 1.50% |
| \$500,001 – \$1,000,000 | 1.35% |
| \$1,000,001 - \$2,000,000 | 1.20% |
| \$2,000,001 - \$4,000,000 | 1.00% |
| \$4,000,001 - \$8,000,000 | 0.80% |
| Over \$8,000,000 | 0.60% |

Wrap Asset Management – Fees are charged quarterly in advance and are based primarily on asset size and the level of complexity of the services provided. In individual cases, AIM has the sole discretion to negotiate fees that are lower than the standard fee shown or to waive fees. Fees are not based on the share of capital gains or capital appreciation of the funds. Fees for the initial quarter will be prorated based upon the number of calendar days in the calendar quarter that the advisory agreement is in effect. Quarterly fees are based on the market value of the assets on the last business day of the previous quarter. Annual fees range from .60% - 1.50% depending on the amount of assets under management (“AUM”) – See chart above. Consulting and financial planning services are included in these fees for asset management services.

Fees are charged in advance on a quarterly basis. Clients may terminate investment advisory services provided AIM, without penalty, upon written notice at any time after entering into the advisory agreement with AIM. The client is responsible for any fees and charges from third parties such as transaction fees for any securities transactions executed, and for account maintenance or custodial fees. Clients who terminate investment advisory services during a quarter are charged, or rebated, a prorated advisory fee based on the date of AIM’s receipt of client’s written notice to terminate. Both earned fees, and any rebate of unearned fees, are immediately due and payable within five business days of a notice of termination.

Additional Fees and Expenses

In addition to advisory fees paid to AIM as explained above, clients may pay custodial service, account maintenance, and other fees associated with maintaining the account. These fees vary by broker and/or custodian. Clients should ask AIM for details on custodial or other fees specific to their account, as these fees are not always included in the annual advisory fee. AIM does not share in any portion of these fees. Additionally, for any mutual funds or exchange traded funds purchased, the client may pay their proportionate share of the funds’ distribution, internal management, investment advisory and administrative fees. Such fees are not shared with AIM and are compensation to the fund manager. Complete details of such internal expenses are

specified and disclosed in each fund company's prospectus. Clients are strongly advised to review the prospectus(es) prior to investing in such securities.

Mutual funds and exchange traded funds purchased or sold in broker-dealer accounts may generate transaction fees that would not exist if the purchase or sale were made directly with the mutual fund company. Mutual funds and exchange traded funds held in broker-dealer accounts also charge management fees. These management fees may be more or less than the fund management fees charged if the client held the fund directly with the fund company.

Clients may purchase shares of mutual funds or exchange traded funds directly from the issuer, its principal underwriter, or a distributor without purchasing the services of AIM. However, clients would not receive AIM's assistance in developing an investment strategy, selecting securities, monitoring performance of the account, and making changes as necessary.

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Account Requirements and Types of Clients

AIM offers investment advisory services to individuals, pension/profit sharing plans, trusts, estates and corporate entities. The minimum relationship size to open and maintain an advisory account is \$500,000, although AIM may waive this minimum requirement under extraordinary circumstances.

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Portfolio Manager Selection and Evaluation

Allison Investment Management, LLC acts as the portfolio manager for its Wrap Fee Program accounts. There is no conflict of interest with the arrangement.

Advisory Business

Founded in 2002, Allison Investment Management, LLC (hereinafter may be referred to as "AIM") is a Registered Investment Adviser based in Columbia, South Carolina, and incorporated under the laws of the State of South Carolina. AIM is registered with the Securities and Exchange Commission and is subject to its rules and regulations. AIM is owned by John E. Allison and David L. Allison. AIM's investment advisory services may include, but are not limited to, the review of client investment objectives and constraints, investment recommendations, portfolio management, and investment performance measurement. AIM may offer financial planning to existing clients in conjunction with our investment advisory services. The client's asset-based investment management fee covers the cost of this additional service. This service is intended to help clients facilitate discussions with outside professionals about various topics that AIM believes may be appropriate to consider such as estate planning, insurance, tax planning, and banking services, but is not a substitute for personalized advice from legal or tax professionals. AIM provides discretionary and non-discretionary investment advisory services to its clients through various managed account programs. AIM will assist clients in determining the suitability of the managed account programs.

AIM provides investment advisory and other financial services through its Investment Advisory Representatives ("IAR"). The IAR is compensated through a comprehensive single fee and the account may be assessed other charges associated with conducting a brokerage business. AIM and its IAR, as appropriate, will be responsible for the following:

- Performing due diligence
- Recommending strategic asset allocations
- Providing research on investment options, as needed
- Providing client risk profile questionnaire
- Obtaining investment advisory contract from client with required financial, risk tolerance, suitability and investment vehicle selection information for each new account
- Performing client suitability check on account documentation, review the investment objectives and evaluate the investment vehicle selections
- Providing Firm Brochure (this document)

Wrap Fee Programs

AIM manages wrap fee programs. A “wrap fee program” for purposes of the SEC is a program under which investment advisory and brokerage execution services are provided for a single “wrapped” fee that is not based on the transactions in a client account.

AIM will be the sole manager of this “wrap fee program”. This “wrap fee program” is sponsored by Triad-Advisors, LLC. AIM is not an affiliated entity of Triad-Advisors, LLC. This “wrap fee program” offers a participant a suite of services such as asset allocation, portfolio management, trade execution, and certain administrative activities, all for an annual, asset-based fee.

The firm currently has assets under management as of January 31, 2024: Discretionary: \$111,937,782; Non-Discretionary: \$9,599,529; Total AUM: \$121,537,311.

Performance-Based Fees and Side by Side Management

Allison Investment Management, LLC, does not charge performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or appreciation of the assets of a client. Our fees are calculated as described in Fees and Compensation section above and are not charged based on performance of your advisory account.

Methods of Analysis, Investment Strategies, and Risk of Loss

AIM employs qualitative and quantitative methods to analyze markets, sectors, and securities. We use quantitative databases to screen for investments worthy of consideration and often employ relative valuation methods, absolute valuation methods, and technical analysis to analyze investments. We also may consider qualitative factors, such as the quality and tenure of management, organizational structure, and the quality and timeliness of financial reports, when

analyzing investments. We use centralized portfolio management systems for block trading, portfolio management, and securities price data collection.

Client accounts are managed separately and may have different underlying investment strategies and restrictions. We use investment market risk and return expectations in conjunction with each client's unique investment objectives and constraints to construct a customized portfolio using equity and fixed income investments. Clients may impose restrictions on investing in certain securities or types of securities (such as a product type, specific companies, specific sectors, etc.) by providing a signed and dated written notification, of which an e-mail is also an acceptable form of notification.

Our strategies and investments may have unique and significant tax implications. Regardless of your account size or other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Investing in securities involves risk of loss that clients should be prepared to bear. Although we manage your portfolio with strategies and in a manner consistent with your risk tolerances, there can be no guarantee that our efforts will be successful. You should be prepared to bear the risk of loss.

All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends, and other distributions), and the loss of future earnings. These risks include market risk, interest rate risk, issuer risk, and general economic risk. Regardless of the methods of analysis or strategies suggested for your particular investment goals, you should carefully consider these risks.

Below are some more specific risks of investing:

Market Risk. The prices of securities in which clients invest may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by the client or an underlying fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations. Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value.

Management Risk. Allison Investment Management, LLC's investment approach may fail to produce the intended results. If the performance of a specific asset class or a portfolio's underlying securities is not realized in the expected time frame, the overall performance of client's portfolio may suffer.

Equity Risk. Equity securities tend to be more volatile than other investment choices. This volatility affects the value of the client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, limited markets, limited financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume which may affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.

Fixed Income Risk. The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security then the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security may decline because investors may demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.

Municipal Securities Risk. The value of municipal obligations can fluctuate over time and may be affected by adverse political, legislative and tax changes, as well as by financial developments that affect the municipal issuers. Because many municipal obligations are issued to finance similar projects by municipalities (e.g., housing, healthcare, water and sewer projects, etc.), conditions in the sector related to the project can affect the overall municipal market. Payment of municipal obligations may depend on an issuer's general unrestricted revenues, revenue generated by a specific project, the operator of the project, or government appropriation or aid. There is a greater risk if investors can look only to the revenue generated by the project. In addition, municipal bonds generally are traded in the "over-the-counter" market among dealers and other large institutional investors. From time to time, liquidity in the municipal bond market (the ability to buy and sell bonds readily) may be reduced in response to overall economic conditions and credit tightening.

Investment Companies Risk. When a client invests in open-end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. Allison Investment Management, LLC has no control over the risks taken by the underlying funds.

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Voting Client Securities

We do not vote proxies on behalf of our advisory accounts custodied with National Financial Services. We do vote proxies on behalf of our advisory accounts custodied with Charles Schwab Corp. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. You are responsible for exercising your right to vote as a shareholder if your account is custodied with National Financial Services.

In the case of accounts custodied at National Financial Services, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you.

Client Information Provided to Portfolio Managers

Allison Investment Management, LLC directly provides the portfolio management services for the Wrap Fee Program accounts. As such, Allison Investment Management, LLC receives all information provided by the client through a formal need's analysis and consultation with the client. Advice is provided through consultation with the client and may include determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Client Contact with Portfolio Managers

There are no restrictions placed on Allison Investment Management, LLC's clients' ability to contact and consult with their portfolio manager(s).

Additional Information

Disciplinary Information

Allison Investment Management, LLC, nor any its Investment Advisor Representatives, have ever had any reportable disclosable events.

Other Financial Industry Activities and Affiliations

John Allison and David Allison are registered representatives of Triad Advisors, LLC, a broker-dealer. AIM is not an affiliated entity of Triad Advisors, LLC. Neither AIM nor any of its employees are registered as a futures commission merchant, an introducing broker, a commodity trading adviser, or a commodity pool operator, nor do we have an application pending for any of these registrations. Further, none of AIM's management persons or employees is currently seeking registration with any of these types of firms.

David Allison is also a licensed insurance agent. He may offer clients advice or products from those activities. Clients should be aware that sometimes these services result in a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. AIM always acts in the best interests of the client, including in the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of AIM in their capacity as an insurance agent or registered representative.

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

Allison Investment Management, LLC's Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect clients' interests at all times and to demonstrate our commitment to fiduciary duties of honesty, good faith, and fair dealing. All of Allison Investment Management, LLC's Associated Persons are expected to strictly adhere to these guidelines. Persons associated with Allison Investment Management, LLC are also required to report any violations to the Code of Ethics. Additionally, the firm maintains and enforces written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about our clients.

Allison Investment Management, LLC may buy or sell securities for itself that we also recommend to clients. In addition, the individual IARs may buy or sell the same securities for their personal and family accounts that are bought and sold for your account(s).

Allison Investment Management, LLC, or its IARs, may have an interest or position in a certain security which may also be recommended to the client. As these situations may present a conflict of interest, Allison Investment Management, LLC has established the following restrictions in order to ensure its fiduciary responsibilities:

- A director, officer or employee of the advisor shall not buy or sell a security for their personal portfolio(s) where their decision is substantially derived, in whole or part, by reason of his or her employment, unless the information is also available to the investing public. No owner/employee of Allison Investment Management, LLC shall prefer their own interest to that of the client.
- The advisor maintains a list of all securities held by the company and all directors, officers, and employees. These holdings are reviewed on a quarterly basis by a principal of the firm.
- The advisor requires that all employees must act in accordance with all applicable Federal and State regulations governing registered investment advisors.
- The advisor will monitor any blocking of personal trades with those of clients to ensure that clients are not at a disadvantage.

Allison Investment Management, LLC's Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting John E. Allison at (803) 806-8400. Allison Investment Management, LLC does not recommend other investment advisors to our clients for which we receive compensation, directly or indirectly; nor do we have business relationships with any other investment advisors.

Review of Accounts

Client accounts are reviewed at least quarterly by John E. Allison, President of the firm. John E. Allison reviews clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at AIM are assigned to this reviewer.

Reviews may be triggered by material market, economic or political events, or by changes in a client's financial situation (such as retirement, termination of employment, physical move, or inheritance).

Each client receives an account statement from the custodian no less often than quarterly.

Client Referrals and Other Compensation

AIM does not compensate any individual or firm for client referrals, and AIM does not receive compensation for making referrals to other professionals.

Financial Information

Allison Investment Management, LLC is not required to provide financial information to our clients because we do not require or solicit the prepayment of more than \$1,200 six or more months in advance.

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Requirements for State-Registered Advisers

This section is not applicable as AIM is SEC registered and not state registered.