

FIRM BROCHURE

(Part 2A of Form ADV)

March 22, 2024

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Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of American Assets Investment Management, LLC (“AAIM,” the “Firm,” “we” or “us”). If you have any questions about the contents of this Brochure, please contact us at (858) 345-1470 or jschwartz@aaimllc.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.

AAIM is registered as an investment adviser with the Securities and Exchange Commission; however, such registration does not imply a certain level of skill or training.

Additional information about AAIM also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 1: COVER PAGE

Please refer to previous page.

ITEM 2: MATERIAL CHANGES

Form ADV Part 2 is divided into two parts: Part 2A and Part 2B. Part 2A (the “Brochure”) provides information about a variety of topics relating to an Adviser’s business practices and conflicts of interest. Part 2B (the “Brochure Supplement”) provides information about advisory personnel of American Assets Investment Management, LLC (“AAIM,” the “Firm,” “we,” or “us”). While this Brochure dated March 22, 2024 amends the prior Brochure dated March 9, 2023 to update certain information, AAIM has no material changes.

Pursuant to SEC Rules, AAIM will ensure that clients receive a summary of any material changes to this Brochure within 120 days of the close of AAIM’s fiscal year. Additionally, if the Firm experiences material changes in the future, we will send you a summary of our “Material Changes” under separate cover.

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ITEM 4: ADVISORY BUSINESS

A. Description of Firm

American Assets Investment Management, LLC is a San Diego, California based investment management firm, founded in 2002. AAIM is currently registered with the Securities and Exchange Commission (“SEC”) as an investment adviser and organized under the laws of the State of Delaware as a limited liability company (“LLC”). AAIM offers discretionary investment advisory services exclusively to qualified investors through pooled investment vehicles and separately managed accounts. AAIM provides services to, and acts as General Partner of American Assets Investment Fund, L.P., a Delaware limited partnership (“AAIF” or the “Partnership”). AAIM generally requires a minimum initial investment of \$500,000 for the Partnership and at present there is no minimum for its separately managed account services. However, AAIM retains the right to change or make exceptions to its minimum account size requirements at any time and for any reason without notification.

B. Principal Owner

The Ernest Rady Trust is the sole manager and owner of 100% of the membership interest in AAIM. Ernest Rady (CRD #2407139) is the sole trustee of the Ernest Rady Trust and, as such, controls the operations and activities of AAIM.

C. Types of Advisory Services Offered

AAIM, in its management of AAIF, seeks to generate high risk-adjusted total returns by investing in a wide variety of publicly traded securities including equities, debt, and derivatives. AAIM primarily focuses on what it believes are undervalued shares of large multinational U.S. corporations. The required minimum initial capital contribution in the Partnership is \$500,000 (although the General Partner, in its sole and absolute discretion, may accept lesser amounts). The General Partner may admit additional Limited Partners, and accept additional capital contributions from existing Limited Partners, throughout the Partnership’s term. Capital contributions generally will be accepted as of the first day of each calendar quarter.

AAIM manages separate accounts on a discretionary basis. The client is responsible for informing AAIM of any changes to the client’s investment objectives, individual needs, and restrictions. The client can request in writing to change its investment guidelines and restrictions at any time. If AAIM feels it cannot best serve the client’s interests as a result of those changes, we may end the relationship. In addition, AAIM does not take any responsibility for the accuracy of the information provided by clients. At this time there is no set required minimum account size for separate accounts, and AAIM will open such accounts on a case-by-case basis, in its sole discretion.

D. Advisory Agreements

Prior to engaging AAIM to provide investment management services, a prospective client is required to enter into a written agreement with the Firm, which will describe the fees to be charged

and the terms and conditions under which AAIM will render its services. AAIM will provide a Brochure, one or more Brochure Supplements, and (if applicable) a Relationship Summary to each client or prospective client prior to or at the time a client executes AAIM's investment management agreement or, in the case of the Partnership, the Subscription Agreement and additional offering documents. AAIM will continue to provide services until terminated by AAIM or the client in accordance with the provisions outlined in the agreement, or when the Partnership has terminated.

E. Assets Under Management

As of December 31, 2023, AAIM had approximately \$3,955,806,039 of client assets under management on a discretionary basis, and no client assets under management on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

A. Management Fee for the Partnership

The General Partner receives a monthly management fee in an amount equal to 0.0625% (0.75% per annum) for managing AAIF. A pro-rata management fee for AAIF will be charged to Limited Partners on amounts invested and withdrawn during any month. The management fee will be prorated for any month in which the General Partner does not act as General Partner for the entire month. The General Partner has the right, in its sole and absolute discretion, to change the management fee charged to any Limited Partner upon ninety (90) days' written notice. AAIM deducts the management fee from the Partnership's account.

B. Management and Fees of Separate Accounts

For the management of separate accounts, AAIM typically is compensated on a case-by-case basis. The client will be required to enter into a written agreement with AAIM setting forth the terms and conditions, including the fees, under which AAIM will render its services. Such fees are subject to negotiation under certain circumstances and at the sole discretion of the Firm. AAIM may waive all or any portion of a management fee for any client in its sole and absolute discretion.

Management fees generally are billed in arrears and calculated on a quarterly basis based upon the fair market value of the account as calculated by the client's account custodian as of the last day of the calendar quarter. Should a client open an account during the quarter, management fees will be prorated for assets held for a partial quarter based on the number of days that the account was open during the quarter. In the event that AAIM's services are terminated mid-quarter, the annual fee will be prorated through the date of termination and any earned, unpaid balance will be immediately due and payable by the client.

In accordance with the client's investment management agreement, AAIM sends an invoice to clients billing them for separately managed account services on a quarterly basis. The client should understand that the investment management fee does not include brokerage commissions, transaction fees, or other related costs and expenses incurred by the client. The client may incur certain charges imposed by third parties such as custodial fees, transfer taxes, wire transfer and

electronic fund fees, and other fees on brokerage accounts and securities transactions. Further information concerning brokerage practices can be found in Item 12 of this Brochure. Neither AAIM nor any of its advisory personnel receive compensation for the sale of securities or other investment products purchased for a client's account.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Performance fees are subject to negotiation with "*qualified clients*" (which generally refers to a client that, immediately after entering into the contract, has at least \$1,100,000 under management with AAIM, or a client who has a net worth exceeding \$2,200,000, or who is a "*qualified purchaser*," as defined by the SEC). All performance fee arrangements will be structured in accordance with Rule 205-3 of the Investment Adviser's Act of 1940, as amended (the "Advisers Act"). In measuring clients' assets for the calculation of performance-based fees, AAIM generally will include realized and unrealized capital gains and losses.

AAIM does not currently charge a performance fee to the Limited Partners of AAIF, although the General Partner has the right, in its sole and absolute discretion, to change the fees charged to any Limited Partner upon ninety (90) days' written notice. AAIM does not currently charge performance fees to separate account clients.

Importantly, performance-based fee arrangements create an incentive for AAIM to recommend investments that may be riskier or more speculative than those it would recommend under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Additionally, a performance-based fee structure creates an incentive for the portfolio manager responsible for those portfolios to devote a disproportionate amount of time to their management, and compensation may be larger than it otherwise would have been because the fee/incentive allocation will be based on account performance instead of a percentage of assets under management.

AAIM has procedures designed and implemented to ensure that all clients are treated fairly and equitably, and to prevent such conflicts from influencing the allocation of investment opportunities among clients; however, as noted, AAIM does not currently charge performance fees to any clients so such conflicts currently do not exist.

Other funds or accounts that AAIM manages may have investments substantially the same as, or that overlap with AAIF, or may have investment objectives that differ substantially from those of AAIF. They may afford some investors more advantageous information, liquidity, or other rights than those afforded to other investors, and may have different compensation arrangements. Further, differences in compensation arrangements, or interests by AAIM or its principal, Mr. Rady, in other accounts create an incentive for AAIM to favor one or more accounts over other accounts. As discussed elsewhere in this Brochure, AAIM has procedures in place to ensure that all clients are treated fairly and equitably, and to prevent these conflicts from influencing the allocation of investment opportunities among clients.

ITEM 7: TYPES OF CLIENTS

AAIM provides two types of investment management services: management of AAIF as the General Partner, and portfolio management for separately managed accounts. An offer to purchase interests in AAIF will be made only to persons who are qualified investors by an approved private placement memorandum. In order to be eligible for this type of investment, a client must either demonstrate a net worth of \$2.2 million or at least \$1.1 million under management with AAIM or qualify for a recognized exception under applicable rules and regulations. The clients for AAIM's separately managed accounts may be institutional clientele, including high net worth individuals, trusts, estates, charitable endowments, corporations, and pension and profit sharing plans.

The minimum initial investment is \$500,000 for AAIF, which may be waived by AAIM in its sole discretion. Separately managed accounts do not have a minimum investment, although AAIM has the right to require one.

There may be times when certain restrictions are placed by a client that prevent AAIM from accepting or continuing to manage a client's account. AAIM reserves the right to not accept or to terminate management of a client's account if the Firm feels that the client's imposed restrictions would limit or prevent it from meeting or maintaining its overall investment strategy, or for other reasons.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

A. Investments and Strategies for AAIF

The Partnership was organized for the primary purpose of investing in U.S. publicly traded securities (equity and debt). AAIF may also invest in options, convertible securities, debt/bond securities and all other types of financial instruments, partnerships, or hedge funds, all as determined by the General Partner. The descriptions of the specific activities in which the Partnership may engage should not be understood to limit in any way the types of investment activities or the allocation of Partnership capital among such investments that AAIF may make. The Partnership may engage in any investment activities that the General Partner considers appropriate and consistent with the Partnership's objective.

The Partnership's objective is to achieve capital appreciation through primarily long investing in U.S. equity securities of public companies, as well as various option trading strategies. The General Partner attempts to achieve this objective through an investment process that emphasizes fundamental, bottom-up, research-driven stock picking and a top-down management style that stresses disciplined risk management. The General Partner may seek to purchase securities of public companies at prices that, in its opinion, are less than the fair or intrinsic value of the companies' assets or earning power.

As AAIF's General Partner, AAIM's investment strategy for the Partnership is to allocate AAIF's capital, seeking the most advantageous risk versus reward relationships, and to seek investments that it believes represent fundamentally good value in quality companies whose securities sell at "intrinsic value" or less. These investments may be in equity, debt, derivatives, preferred or

convertible securities, sovereign debt, and all other types of securities and other financial instruments, partnerships, or hedge funds.

The Partnership generally invests in equity securities and from time to time will attempt to enhance returns on those equity securities with purchase or sale of related derivatives (predominantly puts and calls). As General Partner of AAIF, AAIM's strategy for the Partnership focuses on sectors of the economy that AAIM feels have a combination of growth opportunity and attractive relative valuation. The Partnership will also short securities that AAIM believes are overvalued, as a hedging mechanism or as a separate investment idea.

The Partnership focuses its company analysis on a combination of these attributes:

- Underlying Value
- Reliability of Management Team
- Valuation of the Securities
- Financial Analysis
- Transparency of Reporting
- Liquidity

In addition, AAIM focuses on understanding broad macro-economic trends, which informs its allocation of AAIF's investments. Additional information regarding AAIF's investment policies, strategies, and risks is set forth in the Partnership's subscription materials and Private Placement Memorandum.

B. Investments and Strategies for Separate Accounts

AAIM's investment strategy in regards to separately managed accounts is sometimes similar to that for AAIF with respect to equity securities, but also may have investment objectives that differ substantially from those of AAIF. Additionally, AAIM may purchase debt/bond securities for separate accounts. The investment strategy for separately managed accounts may differ from that of AAIF in order to comply with various state and federal regulatory requirements, depending on the nature, business, and governing laws of the specific client that opens the separate account. The investment strategy for separately managed accounts also may differ based on the client's investment guidelines, objectives, and restrictions, as well as other factors such as risk tolerance, suitability considerations, account size, and trading volume.

One of AAIF's separately managed accounts invests in equity securities that are substantially similar to the securities in AAIF, though it does have investment guidelines and restrictions, and other factors, that result in differences in the investments between the two accounts. Further, the separately managed accounts that AAIM manages have more favorable liquidity terms (shorter time period) than the liquidity terms for AAIF. This poses a conflict of interest, for example in times of market dislocation where there is a greater likelihood of a financial impact from the delay in the investor being able to redeem their investment.

D. Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Prior to entering into an investment management agreement with AAIM, a client should carefully consider: (1) committing to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, usually three-to-five years, (2) that volatility from investing in the stock market or other securities can occur, and (3) that over time the client's assets may fluctuate and at any time be worth more or less than the amount invested.

- **Market Risk**: The client's account is subject to market risk – the risk that the securities markets will increase or decrease in value. Market risk applies to every security. Security prices may fluctuate widely over short or extended periods in response to market or economic news and conditions. Securities markets also tend to move in cycles, with periods of rising security prices and periods of falling security prices. If there is a general decline in the securities markets, it is possible a client's investment may lose value regardless of the individual results of the companies in which AAIM invests.
- **Interest Rate Risk**: Interest rate risk is the risk that a debt security's value will decline due to changes in market interest rates. Even though some interest-bearing securities offer a stable stream of income, their prices will fluctuate with changes in interest rates.
- **Credit Risk**: Credit risk is the risk that the issuer of a debt security will fail to repay principal and interest on the security when due. Credit risk is affected by the issuer's credit status, and generally is higher for non-investment grade securities.
- **Income Risk**: Income risk is the potential for a decline in the account's income due to falling interest rates.
- **Common Stock Risk**: Common stocks are subject to greater fluctuations in market value than other asset classes as a result of such factors as a company's business performance, investor perceptions, stock market trends, and general economic conditions. The rights of common stockholders are subordinate to all other claims on a company's assets, including debt holders and preferred stockholders; therefore, the client's account could lose money if a company in which it invests becomes financially distressed. Some portfolios managed by the Firm are invested in a relatively small number of stocks. As a result, the appreciation or depreciation of any one security held in the account will have a greater impact on the account's performance than it would if the account were invested in a larger number of securities. Although that strategy has the potential to generate attractive returns over time, it also increases the account's volatility. As a result, when a client elects to exit this strategy, their account may be worth more or less than the amount initially invested.
- **Preferred Stock Risk**: Typically, a rise in interest rates causes a decline in the value of preferred stock. Preferred stocks are also subject to credit and default risk, which is the possibility that an issuer of preferred stock will fail to make its dividend payments

- Derivatives Risk: The use of derivatives can lead to losses because of adverse movements in the price or value of the asset, index, rate, or instrument underlying a derivative, due to failure of a counterparty or due to tax or regulatory constraints. Derivatives may create investment leverage in the client's account, which magnifies the account's exposure to the underlying investment. Derivative risks may be more significant when they are used to enhance return or as a substitute for a position or security, rather than solely to hedge the risk of a position or security held by the account. Derivatives for hedging purposes may not reduce risk if they are not sufficiently correlated to the position being hedged. A decision as to whether, when, and how to use derivatives involves the exercise of specialized skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. Derivative instruments may be difficult to value, may be illiquid, and may be subject to wide swings in valuation caused by changes in the value of the underlying instrument. The loss on derivative transactions may substantially exceed the initial investment.
- Option Risk: An option is a derivative that establishes a contract between two parties concerning the buying or selling of an asset at a reference price. The buyer of the option gains the right, but not the obligation, to engage in some specific transaction on the asset, while the seller incurs the obligation to fulfill the transaction if so requested by the buyer. The price of an option derives from the difference between the reference price and the value of the underlying asset plus a premium based on the time remaining until the expiration of the option. A further risk in derivatives such as options is counterparty risk. In an option contract this risk is that the seller won't sell or buy the underlying asset as agreed.
- Selling Securities Short: In selling securities short, the possible gains are limited (the stock can only decline to a price of zero), and the seller can lose more than the original value of the share, with, in theory, no upper limit. For this reason, short selling is usually used as part of a hedge rather than as an investment in its own right. Short positions pose a risk because they lose value as a security's price increases; therefore, the loss on a short sale is theoretically unlimited.

Past performance is no guarantee of future results.

ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisers such as AAIM are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of the Firm or the integrity of its management. AAIM does not have any such legal or disciplinary events, and thus has no information to disclose with respect to this Item.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

AAIM will devote such time and attention to the Partnership's activities and separate accounts as AAIM deems necessary for the management of the affairs of AAIF and its separate account clients. In this regard, Ernest Rady and John Um will devote substantial time and attention to the affairs

of AAIF and the Firm's separate account clients. As noted in Item 4 and other Items above, AAIM is the General Partner of AAIF, a pooled investment vehicle.

Additionally, please note that AAIM acts as investment adviser for the securities and debt/bond portfolio of ICW Group Holdings, Inc. ("ICW Group") and its subsidiaries, including Insurance Company of the West ("ICW"), a multi-line property/casualty insurance group headquartered in San Diego, California with offices throughout the United States (ICW Group and its subsidiaries are referred to collectively as the "ICW Entities" in this document). Ernest Rady, AAIM's Chief Executive Officer, Chief Investment Officer, and Chief Compliance Officer, controls and owns, directly and indirectly, a majority of the outstanding shares of ICW Group. This poses certain conflicts, discussed further in Item 11 below.

Mr. Rady is also on the boards of directors of (i) the ICW Entities; (ii) American Assets Trust, Inc., a publicly traded real estate investment trust (NYSE: AAT); (iii) CalPrivate Bank (OTCQX: PBAM); (iv) Ensign, Inc., a digital insurance marketplace platform; (v) Horatio Alger Association; (vi) San Diego Regional Policy & Innovation Center; and (vii) Pacific Capital Trading Corporation. Additionally, Mr. Rady is the Chief Executive Officer of AAT, President and Chairman of the Board of American Assets, Inc. (the majority owner of ICW), Chairman of the loan committee and member of the asset-liability committee for CalPrivate Bank, Chairman of the Dean's Advisory Council of the Rady School of Management at the University of California, San Diego ("UCSD"), Chairman of the Real Estate Advisory Committee of UCSD, and owner of Summit E&P, LLC. Further information concerning certain of these affiliations is discussed in Item 11 below.

In addition, AAIM owns a 44.5% membership interest and has a 50% voting interest in American Assets Capital Advisers, LLC, a Delaware limited liability company and investment adviser registered with the SEC (CRD #168805) ("AACA"). Mr. Rady is Executive Chairman of AACA.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING

A. Code of Ethics Summary

The Advisers Act imposes a fiduciary duty on all investment advisers to act in the best interest of their clients. AAIM's clients therefore entrust us to use the highest standards of integrity when dealing with their assets and making investments that impact their financial future. Our fiduciary duty compels all employees to act with integrity in all of our dealings.

AAIM has adopted a Code of Ethics for the purpose of instructing its personnel in their ethical obligations and to provide rules for their personal securities transactions. The Firm and its personnel owe a duty of loyalty, fairness, and good faith to their clients, and the obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code of Ethics. The Code of Ethics covers a range of topics that include: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form

ADV, and supervisory procedures. AAIM will provide a copy of the Code of Ethics to any client or prospective client upon request.

AAIM obtains information from a wide variety of publicly available resources. AAIM and its personnel do not have, nor claim to have, material, non-public information with respect to the companies in which AAIM invests on behalf of its clients, with the exception of certain securities owned by clients affiliated with AAIM through common ownership as described below in this Item 11 and as described above in Item 10. AAIM only executes trades in securities for which it has access to material, non-public information during times that are not “blackout periods,” after any material information has been made public.

B. Participation or Interest in Client Transactions

The Firm’s Code of Ethics permits AAIM, its employees, and affiliates (i.e., associated persons of AAIM) to invest in the same securities as clients. This creates a conflict of interest because associated persons have an incentive to favor their own accounts over those of clients, and the associated person could benefit from market activity by a client in a security held by that person.

In order to minimize these conflicts, investment activities for clients and the Firm’s associated persons are reviewed carefully and regularly in accordance with the Code of Ethics, to ascertain whether any conflicts of interest are presented by such investments and to reasonably prevent conflicts of interest between AAIM and its clients. Further, trades for associated persons’ personal accounts are required to be pre-approved, and client accounts always trade first if the Firm plans to trade a security for a client when the associated person also wants to trade that same security. Moreover, under policies adopted by and in accordance with the fiduciary duties of AAIM, any conflict will be resolved in favor of the client.

AAIM is not, and is not affiliated with, any broker-dealer; AAIM does not effect any principal or agency cross securities transactions for client accounts, nor does it effect internal cross-trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to an advisory client. An agency cross-transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Should AAIM ever decide to effect principal trading or agency cross-trades, it will comply with the applicable provisions of the Advisers Act, including Rule 206(3)-2.

C. Material Financial Interest in Securities

Ernest Rady (who controls the operations and activities of AAIM as described in Item 4 above), has a material financial interest in two public companies, and AAIM makes recommendations and invests assets for its affiliated clients (i.e., clients under common control with AAIM) in the securities of those public companies. This creates a conflict of interest because the Firm has an incentive to invest its affiliated clients in securities for the two public companies in a manner that favors the interests of the companies or Mr. Rady over the interests of the clients.

AAIM addresses this conflict by making investment recommendations and decisions in the best investment interests of all of the affiliated clients. Further, these recommendations and investments for affiliated client accounts are typically made in order to align the investment interests of the various affiliated entities under common control with the Firm. Moreover, to minimize conflicts of interest, we do not invest other (non-affiliated) clients in those securities.

Mr. Rady and entities over which he has investment discretion are also invested in AAIF (for which AAIM serves as General Partner, as described in Item 4 above) and Mr. Rady owns a majority of AAIF's interests. Further, as noted in Item 4 above, Mr. Rady owns a majority interest in the ICW Entities, which are AAIM's clients. These relationships create conflicts of interest because the Firm has an incentive to allocate investment opportunities to AAIF and the ICW Entities in a manner that favors the interests of AAIF and the ICW Entities over the interests of non-affiliated clients.

AAIM addresses these conflicts of interest by following each client's investment guidelines and restrictions and by allocating transactions and investment opportunities in an equitable manner, as described in Item 12 below.

ITEM 12: BROKERAGE PRACTICES

A. Broker Selection

In deciding which broker-dealers to use, AAIM may consider a wide range of factors. These include, among others, a broker-dealer's: historical execution performance; commission rate; execution, clearance, settlement, and error correction capabilities (both generally and as they relate to the particular type of trade or security); willingness to commit capital; reliability and financial stability; ability to locate securities to borrow for short sales; and provision of research and other services and products (including the nature, quantity, and quality of those services). AAIM may cause clients to pay commissions and other transaction compensation at higher than the lowest available rate as a result of considering the above factors.

Please see Item 15(A) for discussion regarding prime brokerage arrangements.

B. Transaction and Investment Opportunities

Neither AAIM nor any of its principals or affiliates has any obligation to provide clients with any particular investment opportunity or to refrain from taking advantage of an investment opportunity that could be beneficial to clients. AAIM will allocate transactions and opportunities among the various accounts it manages in a manner it believes to be equitable, considering each account's objectives, programs, limitations, and capital available for investment, but even accounts with similar objectives may often have different investment portfolios.

C. Aggregation

Conflicts of interest also could arise in connection with transactions for the Partnership's account, separately managed accounts, and other investment vehicles that AAIM manages. In some cases,

the various accounts may seek to buy or sell the same security or other investment at the same time. In those cases, AAIM may combine purchase orders, or combine sale orders, on behalf of one or more accounts with orders for those of other account(s) (including personal accounts owned by AAIM or its affiliates or members). Although that creates a conflict of interest because such transactions could be either advantageous or disadvantageous to one or more particular accounts, AAIM will effect those transactions only when it believes that to do so will be in the best interest of the affected accounts. To minimize the conflict, when such aggregated transactions occur the objective will be to allocate on an average price basis or in a manner that is deemed equitable to the accounts involved. At times, however, AAIM may cause the various accounts to effect transactions that differ in substance, timing, and amount. This may be due to, among other things, differences in investment objectives or other factors affecting the appropriateness or suitability of particular investment activities to the accounts, limitations on the availability of particular investments, or transactional opportunities or differences in withdrawal or redemption rights.

D. Soft Dollars Considerations

AAIM's policy is to comply with the provisions of the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)"), when entering into soft dollar arrangements. Section 28(e) generally allows investment advisers to use client commissions to pay for certain brokerage and research services under certain circumstances without breaching their fiduciary duties to clients (known as "soft dollars").

AAIM does not currently have any soft dollar arrangements.

E. Handling Trade Errors

Errors created in client accounts must be corrected so as not to harm any client. The goal of error correction is to make the client whole, regardless of the cost to AAIM. Soft dollar arrangements or the promise of future trade commissions cannot be used to correct errors when placing a trade for a client's account and AAIM cannot correct a trade error made in a client's account by allocating the trade to a different account, unless that account was meant to receive the trade in the first place.

ITEM 13: REVIEW OF ACCOUNTS

AAIM's portfolio managers review account transactions on a daily basis. AAIM will provide each Limited Partner in the Partnership with periodic reports no less frequently than annually that will include audited financial statements and information concerning valuations, profits, gains, and losses. In addition, AAIM will provide each Limited Partner with tax-related information on an annual basis. AAIM's separate account clients receive monthly statements directly from the custodian for the account, with information concerning valuations, profits, gains, and losses. In some cases, AAIM may also provide written reports with similar information in addition to the information provided by the custodian.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

AAIM is not involved in any arrangements whereby someone who is not a client provides an economic benefit to AAIM for providing investment advice or other advisory services to our clients. Moreover, AAIM does not directly or indirectly compensate anyone who is not our supervised person (i.e., third parties) for client referrals. AAIM also does not compensate any third parties for endorsements or testimonials. If AAIM does engage in any of these arrangements or activities in the future, it will comply with Rule 206(4)-1 of the Advisers Act and any other applicable regulatory requirements.

ITEM 15: CUSTODY

Pursuant to Rule 206(4)-2 of the Advisers Act, AAIM is deemed to have custody of client funds because the Firm has the authority to make withdrawals from a client account to pay the Firm's advisory fee (specifically, AAIM provides an invoice to the account's qualified custodian, which then debits the fees and sends them to AAIM), and also due to the Firm's role as General Partner of the AAIF pooled investment vehicle. To mitigate any potential conflicts of interest, all AAIM client account assets are maintained with independent qualified custodians.

AAIM may only implement its investment management recommendations after the client has arranged for and furnished AAIM with all information and authorization regarding its accounts held at the designated qualified custodian.

A. Prime Broker and Custodian for AAIF

AAIM has appointed J.P. Morgan Securities, LLC ("JP Morgan") as prime broker and custodian for AAIF. As such, JP Morgan settles and clears all transactions executed by AAIF. Such transactions may be executed through JP Morgan or other brokers.

The custodial functions of JP Morgan include, among other matters, arranging for: (i) the receipt and delivery of securities purchased, sold, borrowed, and loaned; (ii) the making and receiving of payments therefore; (iii) custody of securities fully paid or not fully paid for and, therefore, compliance with margin and maintenance requirements; (iv) custody of all cash, dividends and exchanges, distributions, and rights accruing to an account, or delivery of cash to the Partnership's banks; and (v) tendering securities in connection with cash tender offers, exchange offers, mergers, or other corporate reorganizations. JP Morgan has no decision-making discretion relating to AAIF investments.

JP Morgan is entrusted with the safe custody of all the assets of AAIF, and JP Morgan maintains a segregated account in the name of and for the sole benefit of AAIF. The assets of the Partnership are separately designated in JP Morgan's books. These fully paid assets are segregated from JP Morgan's own proprietary positions in order to ensure adequate protection in the event of the bankruptcy or insolvency of JP Morgan. Fully paid for assets refers to all assets not deposited as margin. Non-fully paid for securities held in the margin accounts with JP Morgan need not be segregated and may be available to the creditors of JP Morgan.

JP Morgan or a successor prime broker may provide services to AAIM distinct from the custodial, lending, and related services the prime broker provides the Partnership. Further, JP Morgan provides brokerage services to non-client affiliates of AAIM, including accounts controlled by AAIM's principal, Ernest Rady (see Items 4(B) and 11 above for more information on Mr. Rady). AAIM does not believe this poses a conflict of interest because AAIM's client accounts pay market rates for brokerage services and AAIM regularly monitors, confirms, and documents best execution for all client accounts. AAIM believes the compensation its clients pay the prime broker is reasonable and competitive with rates charged by other prime brokers for services of comparable quality, including for the reasons discussed in Item 12(A) above.

AAIF is not required to pay any custody fee to JP Morgan to act as prime broker and custodian. AAIF is not committed to continue its prime brokerage relationship or its clearing relationship with JP Morgan for any minimum period. If AAIF uses another prime broker, it may be required to pay separate fees in cash. To the extent that securities are purchased in non-U.S. markets, JP Morgan will transfer funds to its sub-brokers located in the country in which the securities are purchased. Such sub-brokers (sub-custodians) will maintain custody of the securities until such time as they are sold, at which point uninvested proceeds will be transferred back to AAIF's account at JP Morgan. The fees of any such sub-custodians shall be at normal commercial rates. AAIM also allocates portions of AAIF's brokerage business to JP Morgan. AAIM will provide reports no less than annually.

On a quarterly basis, AAIM prepares and sends to AAIF's investors statements of each investor's individual account position within AAIF; AAIM prepares these individualized statements based on quarterly statements of the entire Partnership account that the custodian sends to AAIM. Pursuant to Rule 206(4)-2(b)(4), AAIF annually undergoes an audit by an independent public accountant that is registered with, and subject to regular inspection as of the commencement of the professional engagement period, and as of each calendar year-end, by the Public Company Accounting Oversight Board in accordance with its rules. Also pursuant to Rule 206(4)-2(b)(4), AAIM distributes the Partnership's audited financial statements, which are prepared in accordance with generally accepted accounting principles, to all Limited Partners within 120 days of the end of the Partnership's fiscal year.

B. Prime Broker and Custodian(s) for the Separate Accounts

AAIM makes a case-by-case determination as to the prime broker and custodian for separately managed accounts, but generally they will be the same as for AAIF unless the client requests otherwise. Clients should be aware, however, of the differences between having their assets custodied at a broker-dealer versus at a bank or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, client reporting, and technology.

AAIM may only implement its investment management recommendations after the client has arranged for and furnished AAIM with all information and authorization regarding its accounts held at the designated qualified custodian. Clients receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains their assets. Clients are urged to carefully review all custodial statements and compare them to any performance reports that may

be provided by AAIM. AAIM's performance reports for client separately managed accounts may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

ITEM 16: INVESTMENT DISCRETION

A. Discretionary Authority

Separately managed account services are performed by AAIM on a discretionary basis. In exercising its discretionary authority, AAIM has the ability to determine the type and amount of securities to be transacted and whether a client's purchase or sale should be combined with those of other clients and traded as a "block." Such discretion is exercised in a manner consistent with each client's stated investment objectives, restrictions, risk tolerance, and time horizon. In addition, AAIM's authority to trade securities may be limited in certain circumstances by applicable legal and regulatory requirements. Clients are permitted to impose reasonable limitations on AAIM's discretionary authority, including restrictions on investing in certain securities or types of securities. All such limitations, restrictions, and investment guidelines must be provided to AAIM in writing.

B. Limited Power of Attorney

By signing AAIM's investment management agreement, clients authorize AAIM to exercise full discretionary authority with respect to all delivery-versus-payment transactions involving the client's account. Pursuant to such agreement, AAIM is designated as the client's attorney-in-fact with discretionary authority to effect investment transactions in the client's account, which authorizes AAIM to give instructions to third parties in furtherance of such authority.

ITEM 17: VOTING CLIENT SECURITIES

AAIM is required to describe its proxy voting policies and procedures and, upon the request of any client for whom AAIM votes proxies, to provide such person with (i) the actual policies and procedures and (ii) information about votes cast on behalf of any account in which such person has made an investment. In general and as needed, proxies will be voted in consultation with the Firm's investment professionals who are responsible for the relevant portfolio investment. The investment professionals, after consultation with senior professionals and counsel, as necessary and appropriate, will vote (or direct their designees to vote) proxies in a manner they believe to be consistent with the best interest of the client. The investment professionals monitor potential conflicts in proxy voting by consulting with counsel as necessary and taking appropriate measures to minimize any such conflicts.

Records of proxy material and votes are maintained in our offices. A complete copy of our detailed proxy voting policies and procedures and information on how AAIM voted proxies is available upon request. AAIM votes proxies for the Partnership. Clients for whom AAIM does not have authority to vote the client securities will receive their proxies or other solicitations directly from their custodian or a transfer agent, as applicable. AAIM generally will not discuss with clients any questions they may have about a particular proxy solicitation.

ITEM 18: FINANCIAL INFORMATION

AAIM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet in response to this Item. AAIM does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients, and has not been the subject of a bankruptcy proceeding.