



## **Allaria Asset Management, LLC**

### **Form ADV Part 2A– Brochure**

**March 2024**

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This brochure provides information about the qualifications and business practices of Allaria Asset Management, LLC (“AAM” or the “Adviser,” or “we,” or “us,” or “our”). 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. You will receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year, which is December 31 of each year. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting us at phone number 786-686-5400 and/or by email at [mdicugno@allaria-am.com](mailto:mdicugno@allaria-am.com).

Registration of an investment adviser does not imply any level of skill or training. The oral and written communications received from an adviser provide you with information about which to utilize in determining to hire or retain an investment adviser.

Additional information about AAM is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with AAM who are registered, or are required to be registered, as Investment Adviser Representatives (“IARs”) of the Adviser.

## **Item 2 – Material Changes**

AAM will further provide you with a new Brochure, as necessary, based on changes or new information at any time without charge.

Since the Adviser's March 2023 update, the following material changes have occurred:

- **Item 4 – Advisory Services**

Due to group-wide corporate restructuring the Adviser's indirect ownership changed which resulted in two (2) additional individuals becoming indirect owners as their holdings crossed the 25% threshold.

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## Item 4 – Advisory Services

### General

AAM is a limited liability corporation formed in the State of Florida on or about November 2016 and is registered with the SEC to conduct business as an Investment Adviser. AAM is fully owned by Allaria Latam Investment Services, Inc. (“ALIS”) which is indirectly owned by Allaria Latam Inversiones S.A. (“ALI”). ALI is owned by Allaria Inversiones Globales S.A. (formerly known as Friwer International S.A.) which is ultimately owned by Allaria S.A. (formerly known as Allaria Ledesma y Cia. S.A.) Allaria S.A. is majority owned by Ernesto Allaria, Enrique A. Martí and Juan F. Politi.

### Description of Advisory Services

AAM provides asset management, research, and other financial advice to individuals and corporations. AAM’s advisory services are provided through various types of discretionary and non-discretionary accounts (the “Accounts”) in accordance with each client’s investment objectives and pursuant to the terms outlined in its investment advisory agreement. The Adviser’s discretionary and non-discretionary investment management services include the design, structure, and implementation of investment strategies for managed Accounts. Investment activities focus on investments in various kinds of assets and securities in a variety of markets that is intended to fit within the client’s objectives, strategies and risk profile as described by each client. The overall advisory services offered by AAM fall within the following categories:

#### ➤ *Customized Discretionary Portfolios*

Adviser offers discretionary separately managed Accounts that are customized to each client. Managed Accounts may focus on investments in specified and limited kinds of assets and securities, in limited markets, or they may be broad-based across many asset classes and markets. Such accounts are intended to fit within the investor’s objectives, strategies and risk profile as described by each client. The strategies utilized for these customized accounts may be similar to or may vary widely from the core strategies typically utilized by the Adviser, as further described in Item No. 8 or customized for each client based upon varying factors. Clients may place targets on these accounts and may restrict the types of investments made in such accounts.

#### ➤ *Selection of Sub-Advisers*

AAM may engage the services of sub-advisers to assist or manage client portfolios. Such activities include, but are not limited to the selection and monitoring of client portfolios, as well as asset allocation and continued analysis related to the Adviser’s portfolio management services. Sub-advisers services are contracted by the Adviser. AAM may engage its affiliates or other related parties to act as a sub-adviser. In the event such activity exists, AAM notes a potential conflict of interest may exist, as well as related fees may be shared with the sub-adviser pursuant to the terms of a formalized agreement.

#### ➤ *Other Non-Discretionary Advisory Services*

Adviser provides non-discretionary advisory services to all types of clients in accordance with a non-discretionary advisory agreement between Adviser and the client. Each agreement typically defines the

services to be provided and if a fee is charged, the fees will also be agreed to in the advisory agreement. Adviser also provides recommendations and research regarding the investment of securities and cash in a client's account. These services are individually tailored to each client's needs and such advice may be provided to accounts with assets maintained at various third parties.

### ➤ *Other Services*

Adviser may provide additional services for clients from time to time as agreed between the client and the Adviser.

### **Wrap Fee Programs**

Adviser does not currently participate in any Wrap Fee Programs.

### **Regulatory Assets Under Management**

As of December 31, 2023, AAM maintained approximately \$140,642,512 in assets under management on a discretionary basis.

### **Additional General Information**

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) may be recommended to clients or engaged directly by the client on an as-needed basis. Conflicts of interest related to recommendations of other professionals will be disclosed to the client in the event they should occur.

## **Item 5 – Fees and Compensation**

### **Basic fee schedule:**

The specific manner in which fees are charged by Adviser is established in each client's written agreement with Adviser. Generally, and pursuant to contract, fees for the management of Accounts will be based upon a percentage of the total assets in the account (including margined assets). Adviser typically receives an annual management fee, between .25% and 1.50% of the net asset value of the Account. Alternatively Adviser can agree, depending on the client, on segmenting fees by Asset Class, for example it can charge 0.12% on Fixed Income assets and 0.40% on all remaining assets. In such cases, the overall fees will vary from the indicative percentages described in the schedule below. All fees are negotiable. Clients should inquire directly with their Advisor and discuss fee arrangements beneficial to their individual situation.

<b>Basic Management Fee Schedule</b>	
<b>Account Value</b>	<b>Fee Percentage</b>
Over \$50,000,000	.25% to 0.50%
\$25,000,000 to \$49,999,999	.50% to 0.75%
\$10,000,000 to \$24,999,999	0.75% to 1.00%
Up to \$9,999,999	1.00% to 1.50%

Alternatively, and upon client's preference, Adviser may also enter into hourly fee arrangements, typically for advisory services provided to clients or client Accounts. Hourly fees range between \$150 and \$500 per hour depending on the complexity of advisory services offered.

### **Calculation and Deduction of Advisory Fees**

With respect to accounts that Adviser manages on a discretionary basis, including the specialized discretionary programs, clients are generally required to authorize Adviser to directly debit management fees from client accounts on a monthly or quarterly basis. Fees for Family Wealth Services and other non-discretionary programs are billed to clients, although frequently clients pre-authorize their custodians to automatically deduct the fees from the client's account and to make payment to Adviser. Management fees are deducted or billed, as applicable, on a monthly or quarterly in arrears. The Adviser may from time-to-time bill fees in advance as negotiated with each individual client.

A client may pay more or less fees than similar clients depending on the particular circumstances of the client, size, additional or differing levels of servicing or as otherwise agreed with specific clients. Clients that negotiate fees, including a flat fee, may end up paying a higher fee than that set forth above as a result of fluctuations in the client's assets under management and account performance.

In the event the Adviser bills fees in advance, refunds are given on a prorated basis, based on the number of days remaining in a month at the point of termination. Fees that are collected in advance will be refunded based on the prorated amount of work completed up to the day of termination within the month terminated. The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the month up to and including the day of termination. (\*The daily rate is calculated by dividing the monthly or quarterly AUM fee by the number of days in the termination month/quarter). Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

For advisory clients that are charged on an hourly basis, the Adviser will provide to the client a detailed invoice accounting for the time allocated for advisory services during the previous quarter. The invoice will be issued no later than 30 days after the close of the preceding quarter in which the advisory has been provided.

### **Compensation for the Sale of Securities**

Some of Adviser's supervised or associated persons may accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, in their individual capacities as registered representatives or even sub-advisers who may also be sub-brokers of Adviser's affiliated broker-dealer Allaria Securities. Supervised or associated persons of Adviser not registered or associated with Allaria Securities do not receive such compensation in connection with accounts managed or advised by Adviser.

### **Additional Fee Information**

Clients will authorize the Adviser to directly debit management fees from client accounts on a monthly or quarterly basis. In such instances, management fees are prorated for each capital contribution and

withdrawal made during the applicable calendar month. Accounts initiated or terminated during a calendar month will be charged a prorated fee.

Alternatively, in some instances, clients will receive an invoice for fees, in which it can choose to pay AAM directly for its billed fees for the relevant period.

Adviser's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred directly by the client. Clients will incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by fund managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic funds fees, and other fees and taxes on brokerage account and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. It is the Adviser's policy not to accept "kick-backs" or retrocession fees from any third non-affiliated party providing services to the Adviser's clients.

### **Termination of the Agreement**

Although an Agreement between AAM and its clients are ongoing agreements and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party with a (30) thirty – day advance notice or as agreed upon otherwise between the client and the Adviser.

If an agreement is terminated during a period in which the client has already paid AAM its advisory fees in advance, then the Adviser will reimburse, on a pro-rated basis, the remaining advisory fees collected for any service not rendered; these fees will be sent to the client's address of record, unless otherwise directed by the client, within (30) days of termination of the agreement.

### **Item 6 - Performance-Based Fees and side-by-side management**

AAM can charge performance-based fees in addition to standard advisory fees, as agreed to with certain applicable clients. Performance-based fees are calculated based on the performance of client portfolios and are typically a percentage of the gains achieved above a specified benchmark. Adviser structures performance fee arrangements subject to Section 205(a)(1) of the Adviser's Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

Performance based fee arrangements create an incentive for the Adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Performance fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Adviser has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients. The Adviser might have clients with similar investment objectives. The Adviser is permitted to make an investment decision on behalf of clients that differs from decisions made for, or advice given to, such other accounts and clients even though the investment objectives may be the same or similar, provided that the Adviser acts in good faith and follows a policy of allocating, over a period of time, investment opportunities on a basis intended to be

fair and equitable, taking into consideration the investment policies and investment restrictions to which such accounts and clients are subject.

## **Item 7 - Types of Clients**

AAM provides asset and/or portfolio management services to individuals, high net worth individuals, corporations and institutions or other entities. The minimum dollar value for establishing an Account is generally \$200,000. Initial investments of a lesser amount may be accepted at Adviser's discretion.

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

### **General Investment Strategies and Methods of Analysis**

Adviser has arrangements with third party service providers through which Adviser receives general macroeconomic analyses of economies, currencies, markets and market sectors. Such third parties also provide research reports on specific securities, sample asset allocations and administrative services. Adviser uses such information and services as a tool and Adviser also performs its own research and due diligence on advisers and investment opportunities. Adviser makes investment allocation decisions based on each client's investment objectives and risk tolerance, among other factors. Adviser identifies, structures, monitors, invests and liquidates investments in discretionary accounts. The design and day-to-day management of client portfolios is determined by Adviser through the assigned portfolio manager. Such third party service providers do not have access to or knowledge of information concerning the specific investment decisions and recommendations made to Adviser's clients.

Through Adviser's strategy, Adviser seeks asset preservation and capital appreciation of clients' portfolios by customizing asset allocations and selecting investment vehicles that it believes will align clients' risk / return expectations with long term and short term investment needs and goals. The asset class allocations forecasts and expectations are analyzed and invested in various financial instruments, typically include equity, fixed income, options and alternative investments. Adviser will select and monitor the investment vehicles for each asset class in the portfolios based on their history and prospective risk and return characteristics, and determine suitability for each client's needs, as well as, estimated fees and expense.

### **Material Risks for Significant Investment Strategies**

While it is the intention of Adviser to implement strategies which are designed to minimize potential losses suffered by its client, there can be no assurance that such strategies will be successful. It is possible that a client may lose a substantial proportion or all of its assets in connection with investment decisions made by Adviser. Investment in securities involves a risk of loss that you, as a client, should be prepared to bear. The following is a discussion of typical risks for Adviser's clients, but it does not purport to be a complete explanation of the risks involved with Adviser's investment strategies.

There is no guarantee that in any time period, particularly in the short term, a client's portfolio will achieve appreciation in terms of capital growth or that a client's investment objective will be met by Adviser.

The value of the securities in which Adviser invests on behalf of its clients may be volatile. Price movements may result from factors affecting individual companies, sectors or industries that may



influence certain strategies or the securities market as a whole. Furthermore, a client will be subject to the risk that inflation, economic recession, changes in the general level of interest rates or other market conditions over which Adviser will have no control may adversely affect investment results. Adviser notes that while Adviser's management of accounts may not involve direct leveraging, or other risk factors discussed below, the underlying funds and other investments that comprise client accounts may engage in practices that can materially impact the performance of such fund or investment, which in turn may materially impact the value of Adviser's clients' portfolios.

### **Hedging transactions may increase risks of capital losses**

Adviser utilizes hedging strategies primarily to protect and preserve capital as well as yield enhancement. Investment products in which Adviser invests clients' accounts may utilize a variety of financial instruments, such as options, for risk management purposes. While hedging transactions may seek to reduce risk, such transactions may result in a worse overall performance. Certain risks cannot be hedged, such as credit risk, relating both to particular securities and counterparties. Adviser will not always invest in funds or other investment vehicles that utilize hedging strategies.

### **Leverage**

Adviser may utilize and employ leverage under its current strategies. Such strategies may include the borrowing and short selling of securities, bonds, foreign exchange and the acquisition and disposal of certain types of derivative securities and instruments, such as swaps, futures and options. While leveraging creates an opportunity for greater total returns, it also exposes a client to a greater risk of loss arising from adverse price changes. Where leverage is indirect (e.g., used by a fund manager for a fund in which Adviser's client is invested) a sharp decrease in the value of the investment can have a significant impact on a client's portfolio.

### **Liquidity of investment portfolio**

The market for some securities in which Adviser invests indirectly on behalf of its clients may be relatively illiquid. Liquidity relates to the ability to sell an investment in a timely manner. The market for relatively illiquid securities tends to be more volatile than the market for more liquid securities. Investments in relatively illiquid securities may restrict the ability of a fund or portfolio manager to dispose of investments at a price and time that it wishes to do so. The risk of illiquidity also arises in the case of over-the-counter transactions. There is no regulated market in such contracts and the bid and offer prices will be established solely by dealers in these contracts. Client accounts that are invested in funds or other instruments that contain illiquid investments may be subject to these risks.

### **Foreign currency markets**

Adviser's investment strategies may cause a client to be exposed to fluctuations in currency exchange rates where it invests directly or indirectly in securities denominated in currencies other than U.S. dollars. Adviser does not engage in direct foreign currency trading. However, the underlying funds and other investment vehicles may engage in direct foreign currency trading. The markets in which foreign exchange transactions are effected are highly volatile, highly specialized and highly technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of

time, often within minutes. Foreign exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment, or particular transactions in foreign currency.

### **Derivatives**

Adviser's investment strategy may cause a client to be exposed to derivatives including instruments and contracts the value of which is linked to one or more underlying securities, financial benchmarks or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, index, currency or interest rate at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives trading. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can result not only in the loss of the entire investment, but may also expose a client to the possibility of a loss exceeding the original amount invested.

### **Settlement risks**

Adviser's investment strategies may expose a client to the credit risk of parties with whom Adviser, on behalf of the client or the underlying funds, trades and to the risk of settlement default. Market practices in the emerging markets in relation to the settlement of securities transactions and custody of assets will provide increased risk. Although the emerging markets have grown rapidly over the last few years, the clearing, settlement and registration systems available to affect trades on such markets are significantly less developed than those in more mature world markets which can result in delays and other material difficulties in settling trades and in registering transfers of securities. Problems of settlement in these markets may affect the net asset value and liquidity of a client's portfolio or investments in such portfolios.

### **Emerging Markets**

Adviser's investment strategies include direct and indirect investments in securities in emerging markets and such investments involve special considerations and risks. These include a possibility of nationalization, expropriation or confiscatory taxation, foreign exchange control, political changes, government regulation, social instability or diplomatic developments which could affect adversely the economies of such countries or the value of a client's investments, and the risks of investing in countries with smaller capital markets, such as limited liquidity, price volatility, restrictions on foreign investment and repatriation of capital, and the risks associated with emerging economies, including high inflation and interest rates and political and social uncertainties. In addition, it may be difficult to obtain and enforce a judgment in a court in an emerging country. The economies of many emerging market countries are still in the early stages of modern development and are subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions having sudden and widespread effects. Investments in products of emerging market may also become illiquid which may constrain Adviser's ability to realize some or all of a client's portfolio holdings. Accounting standards in emerging market countries may not be as stringent as accounting standards in developed countries.

## **Investment Concentration**

Some client accounts may have a high concentration in one sector, industry, issuer or security that may subject such accounts to greater risk of loss in the event such investments take an economic downturn.

## **Material Risks for Particular Types of Securities**

The Adviser does not invest primarily in a specific security or type of security. The material risks involved with investing are described above.

## **Item 9 - Disciplinary Information**

Investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of an adviser or the integrity of the adviser's management. Adviser has no information applicable to this Item. Please visit [www.advisorinfo@sec.gov](http://www.advisorinfo@sec.gov) at any time to view AAM's registration information and any applicable disciplinary action.

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

### **Broker-Dealer Registration**

Adviser maintains an affiliate broker-dealer, Allaria Securities, LLC ("Allaria Securities") (CRD No. 286504) registered with the Securities and Exchange Commission (SEC) and Financial Industry Regulatory Authority, Inc. (FINRA). AAM's Chief Executive Officer is currently registered and dually associated with Allaria Securities. AAM's arrangement and relationship with Allaria Securities, a registered broker-dealer that is under common control with the Adviser, is material. AAM may, in certain instances, utilize Allaria Securities as an introducing broker-dealer for certain securities transactions of advisory clients. In such instances, Allaria Securities and/or associated persons, of which some may be dually registered with AAM, could receive compensation for brokerage transactions affected in these advisory accounts, and for the purchase of investment products recommended, which poses a conflict of interest. For example, AAM can choose to utilize Allaria Securities as an introducing broker-dealer for certain equity and fixed income trades; this is due to, among other factors, market-competitive commission rates, a trading interface with tools suitable for clients' equity and fixed income trading activities, and quality of execution. Allaria Securities may assess AAM's advisory accounts a flat "execution commissions"/brokerage commission related to cost of executing advisory transactions on behalf of AAM's clients. The commissions and fees are maintained by Allaria Securities, which also indirectly benefits the owners of AAM since both entities are under common ownership. Allaria Securities' execution fees/commissions are in addition to any clearing related fees assessed by the clearing firm such as ticket charges for transactions. Allaria Securities maintains negotiated fee schedule with Pershing, which in certain instances includes a markup on related clearing firm fees. Based upon this structure Allaria Securities and (in turn its common owners with AAM) may receive further economic benefit (revenues) from the negotiated fee schedules or additional services based on the transaction volume attributable to the advisory accounts. Additional services may or might not benefit any particular advisory client(s). Clients are encouraged to request additional information regarding potential conflicts of interest.

Kevin A. Rowe, the firm's Chief Compliance Officer, serves as outsourced Compliance Officer. We do not believe that the relationship creates a conflict with AAM because Rowe is not a control person and does not manage investments with any FINRA registered Broker-Dealers or State and SEC Registered Investment Advisers. Mr. Rowe is founder and President of LibScor Associates, Inc., which provides Compliance, Anti-Money Laundering, and Financial Operations consulting services.

### **Commodity Pool Operator, Commodity Trading Adviser, Futures Commission Merchant Registration**

Neither the Adviser nor its management or associated persons are (i) registered or associated with the Commodity Futures Trading Commission ("CFTC") as a futures commission merchant ("FCM"), a commodity pool operator ("CPO") or a commodity trading advisor ("CTA") or (ii) have any application pending to register with respect to any of the foregoing.

### **Other – Financial Affiliates**

AAM maintains common ownership with a number of foreign affiliated entities. Please see the Adviser's Form ADV Part 1 for further details related to other affiliated entities under common control.

As referenced in Item 4, AAM can contract affiliated entities as subadvisors to service its advisory clients.

## **Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics and Personal Trading Policies**

Adviser has adopted the Code of Ethics pursuant to Rule 204A-1 of the Advisers Act in an effort to prevent violations of federal securities laws. Adviser expects all employees to act with honesty, integrity and professionalism and to adhere to federal securities laws.

All officers, directors, Corp and employees of the Adviser and any other person who provides advice on behalf of Adviser and is subject to Adviser's control and supervision (collectively referred to as "Supervised Persons") are required to adhere to the Code.

### **Prevention of Insider Trading**

Adviser has adopted policies designed to prevent insider trading that is more fully described in the Code. Adviser's policy on insider trading applies to securities trading and information handling by all Supervised Persons of Adviser (including spouses, minor children and adult members of their households and any other relative of a Supervised Person on whose behalf Supervised Person is acting) for their own account or the account of any client of Adviser.

Adviser takes its obligation to detect and prevent insider trading with the utmost seriousness. Adviser can impose penalties for breaches of the policies and procedures contained in this manual, even in the absence of any indication of insider trading. Depending on the nature of the breach, penalties can include a letter of censure, profit "give ups," fines, referrals to regulatory and self-regulatory bodies and dismissal.

## **Personal Securities Transactions**

### ***Periodic Reports***

As more fully described in the Code, “access persons” are required to submit reports detailing their personal securities holdings to the Chief Compliance Officer on an initial basis, a quarterly basis, and an annual basis. As several access persons may be dually registered with Allaria Securities and AAM, the Adviser, in certain instances, will rely in periodic reports provided to its affiliate broker-dealer for review.

As an alternative to submitting quarterly transaction reports, Adviser requires persons who are “access persons” to submit brokerage statements or trade confirmations as long as such documents contain the information required under Rule 204A-1(b)(2)(i)(A)-(E) under the Advisers Act.

### **Initial Public Offerings and Limited Public Offerings**

Access Persons must obtain prior written approval from the Chief Compliance Officer before investing in initial public offerings (“IPOs”) or limited offerings (i.e., private placements). In the event the Chief Compliance Officer wishes to purchase IPOs or the securities of a private placement for his/her own employee account, the Chief Compliance Officer must obtain prior written approval from the Adviser’s Board Committee.

### **Review of Personal Securities Reports**

The Chief Compliance Officer (or its designee) is responsible for reviewing the Access Person’s Quarterly Transaction Reports as well as the Initial Holdings Report and the Annual Holdings Report as part of Adviser’s duty to maintain and enforce its Code. As several access persons may be dually registered with Allaria Securities and AAM, the Adviser, in certain instances, will rely in reports provided to its affiliate broker-dealer for review.

In instances when the Chief Compliance Officer has engaged in personal securities transaction, the Adviser’s Chief Executive Officer shall review the Chief Compliance Officer’s brokerage statements and trade confirmations.

### ***Outside Business Activities and Private Investments of Employees***

Unless otherwise consented by the Chief Compliance Officer, all employees are required to devote their full time and efforts Adviser’s business. As such, no person can make use of either his or her position as an employee or information acquired during employment, or make personal investments in a manner that creates a conflict, or the appearance of a conflict, between the employee’s personal interests and Adviser’s interests. Accordingly, every employee is required to complete a disclosure form and have the form approved by Adviser’s Chief Compliance Officer prior to serving in any of the capacities or making any of the investments more fully described in the Code. As several access persons may be dually registered with Allaria Securities and AAM, the Adviser, in certain instances, will rely in disclosures provided to its affiliate broker-dealer for review.

### ***Reporting Violations***

All Supervised Persons (any officer, director, partner and employee of Adviser) are required to report actual or known violations or suspected violations of Adviser's Code promptly to the Chief Compliance Officer or his designee. Any report of a violation or suspected violation of the Code will be treated as confidential to the extent permitted by law.

As part of Adviser's obligations to conduct an annual review of all of its policies and procedures pursuant to Rule 206(4)-7 of the Advisers Act, the Chief Compliance Officer shall review on an annual basis the adequacy of the Code and the effectiveness of its implementation.

### ***Recordkeeping***

Adviser maintains the following:

- Copies of the Code;
- Records of violations of the Code and actions taken as a result of the violations;
- Copies of Adviser's supervised persons' written acknowledgement of receipt of the Code;
- Records of Access Persons' personal trading — Initial Holdings Reports, Annual Holdings Reports, and Quarterly Transaction Reports, including any information provided under Rule 204A-1(b)(3)(iii) in lieu of such reports, i.e., brokerage confirmations and transaction reports;
- A record of the names of Adviser's "Access Persons";
- Records of decisions, and the reasons supporting the decision to approve an Access Person's acquisition of securities in initial public offerings or limited offerings; and
- Records of decisions, and the reasons supporting the decision to approve the Chief Compliance Officer's acquisition of securities in initial public offerings or limited offerings.

### ***Acknowledgement of the Code***

Each employee will execute a written statement certifying that the employee has (i) received a copy of Adviser's Code; (ii) read and understands the importance of strict adherence to such policies and procedures; and (iii) agreed to comply with the Code.

### ***Training and Education***

All Supervised Persons, i.e., all employees, are to receive training on complying with the Code on an annual basis as part of Adviser's annual employee compliance review meeting to ensure that all employees fully understand their duties and obligations and how to comply with the Policy's procedures.

### ***Copies of Adviser's Code***

A copy of Adviser's Code is available upon request. For a copy, please contact Adviser at 786-686-5400.

### ***Participation or Interest in Client Transactions and Associated Conflicts of Interest***

Currently, the Adviser does not recommend or invest in securities, including funds, issued or managed by its affiliates (or where the affiliate acts as general partner) in which its affiliates have a material financial



interest. In the event that the Adviser recommends securities managed by its affiliates, it maintains policies that require personnel who develop advice and recommendations for clients to render only disinterested and impartial advice to clients and to comply with other fiduciary obligations, including having an adequate basis in fact for all recommendations and an obligation to recommend only investments that are suitable for the particular client.

The potential conflicts of interest involved in any such transactions are generally governed by Adviser's Code. Pursuant to the stipulations of the Code, the Adviser or a related person has the capacity to buy or sell for itself securities that it also recommends to clients, although this is not currently practiced. The potential conflicts of interest involved in such transactions are governed by the Code, which establishes sanctions if its requirements are violated and requires that Adviser and employees place the interests of Adviser's clients above their own.

Allaria Securities may, in certain instances, act as a broker with respect to fixed income transactions executed for a client of the Adviser. In these instances, Allaria Securities will generally act on a riskless principal basis rather than on an agency basis. A riskless principal transaction refers to a transaction where Allaria Securities, after receiving an order to buy (or sell) a security for a client, purchases (or sells) the security for its own account to offset a contemporaneous sale to (or purchase from) the client. In such instances, the Adviser is required to disclose to its advisory clients in writing before the completion of such transaction the capacity in which it was acting and to obtain written consent of advisory clients for such transactions. Allaria Securities can charge a mark-up or mark-down in certain riskless principal transactions. Equity transactions are generally executed on an agency basis, but can be executed on a riskless principal basis using the same procedures and equivalent pricing as for fixed income securities.

Currently, Allaria Securities does not engage in agency cross, or cross transactions for Adviser's clients. An agency cross transaction occurs when Allaria Securities acts as broker for both Adviser's advisory clients and for other customers of Allaria Securities on the other side of the transaction. In the event that Allaria Securities engages in agency cross transactions, as described, such transactions will be executed only after obtaining prospective written consent from the advisory client, which consent can be terminated at any time with written notice to Adviser. Adviser does not advise both the seller and purchaser with regard to an agency-cross transaction. Cross transactions are those in which Allaria Securities would effect trades between Adviser's advisory client accounts. Although not currently practiced, if and when Allaria Securities partakes in such transactions, it would only effect them to the extent that it is able to achieve "best execution" for each client. The price would be set generally at the mid-point between the bid and ask price (or last sale price in the case of exchange listed securities) and Allaria Securities would not charge commissions or other compensation in connection with the transaction.

### ***Investments in Securities by Adviser and its Personnel***

Adviser's personnel or a related person of Adviser can invest in the same or similar securities and investments as those recommended to or entered into on behalf of Adviser's clients. The results of the investment activities of Adviser's personnel or related persons for their accounts may differ from the results achieved by or for client accounts managed by Adviser. The conflicts raised by these circumstances are discussed below.

Adviser may recommend or effect the purchase or sale of securities in which its related persons or an affiliate, directly or indirectly, has a position or interest, or of which related or affiliated person buys or

sells for itself. Such transactions may also include trading in securities in a manner inconsistent with the advice given to Adviser's clients.

Activities and transactions for client accounts may be impaired or effected at prices or terms that may be less favorable than would otherwise have been the case had Adviser or related persons not pursued a particular course of action with respect to the issuer of the securities. In addition, in certain instances Adviser's personnel may obtain information about the issuer that could limit the ability of such personnel to buy or sell securities of the issuer on behalf of client accounts.

Transactions undertaken by Adviser's clients may also adversely impact one or more client accounts. Other clients of the Adviser may have, as a result of receiving client reports or otherwise, access to information regarding Adviser's transactions or views that may affect their transactions outside of accounts controlled by Adviser, and such transactions may negatively impact other clients' accounts. A client's account may also be adversely affected by cash flows and market movements arising from purchase and sale transactions by, as well as increases of capital in and withdrawals of capital from, other clients' accounts. These effects can be more pronounced in less liquid markets.

The results of the investment activities of a client's account may differ significantly from the results achieved by Advisers related persons and from the results achieved by Adviser for other client accounts.

As more fully described above, Adviser has adopted a Code of Ethics. Such Code of Ethics together with Advisers policies and procedures restrict the ability of certain officers and employees of Adviser from engaging in securities transactions in any securities that its clients have purchased, sold or considered for purchase or sale, for an appropriate "black out" period. Other restrictions and reporting requirements are included in Advisers procedures and Code of Ethics minimize or eliminate conflicts of interest.

### ***Trading Alongside by Adviser and its Personnel***

Client accounts managed by Adviser can trade in the same or similar securities at or about the same time as accounts managed or advised by affiliates of the Adviser. Investments by Adviser's affiliates and their clients may have the effect of diluting or otherwise disadvantaging the values, prices or investment strategies of a client's account, particularly in small capitalization, emerging market or less liquid strategies. This may occur when portfolio decisions regarding a client's account are based on research or other information that is also used to support portfolio decisions for Adviser's affiliates. If a portfolio decision or strategy for Adviser's affiliates' accounts or the accounts of clients of affiliates is implemented ahead of, or contemporaneously with, similar portfolio decisions or strategies for Adviser's client's account, market impact, liquidity constraints, or other factors could result in the account receiving less favorable trading results and the costs of implementing such portfolio decisions or strategies could be increased.

### ***Errors***

Errors can occur from time to time in transactions for client accounts. The Adviser will typically correct any such errors that are the fault of the Adviser or an affiliate at no cost to the client, other than costs that the Adviser deems immaterial. To the extent that the subsequent sale of such securities generates a profit to the Adviser, the Adviser may retain such profits, and may, but is not required to, use such profits to



offset errors in the future or pay other client-related expenses. The Adviser will not be responsible for any errors that occur that are not the fault of the Adviser or any affiliate.

### ***Privacy Policy***

Adviser considers your privacy our utmost concern. Adviser does not share any information of clients with nonaffiliated third parties, except such information will be disclosed as necessary to process a transaction an investor has requested, to the extent the investor specifically authorized the disclosure, to service providers or joint marketers who agree to limit their use of such information, and to the extent required or specifically permitted by law or reasonably necessary to prevent fraud, unauthorized transactions or liability.

When Adviser discloses non-public personal information of clients to a non-affiliated third party that provides services to Adviser or engages in joint marketing, Adviser shall:

- notify investors of the possibility of such disclosure; and
- enter into a contractual agreement with the third party that prohibits the third party from disclosing or using the investors' information other than to carry out the purposes for which the information was disclosed to the third party.

In particular, Adviser may enter, in compliance with the above conditions, into an agreement with a non-affiliated third party to store the records of Adviser clients and investors including electronic and e-mail records.

For more information about Adviser's privacy policies or to request a Brochure describing Adviser's privacy policies contact Adviser at 786-686-5400.

## **Item 12 - Brokerage Practices**

As part of AAM's relationship with its clients, its Investment Advisory Agreement provides that client may restrict the discretion and direct brokerage to any broker-dealer. The Adviser is authorized in its Investment Advisory Agreement to select other securities brokers, unless the client directs otherwise in the Agreement.

In recommending brokers-dealers and custodians, AAM will generally seek the best combination of services provided and associated expenses. Relevant factors used in evaluating "execution quality" include historical net prices, the execution, clearance, and settlement and error correction capabilities of the broker or dealer generally and in connection with securities of the type and in the amounts to be bought or sold; the broker's or dealer's willingness to commit capital; reliability and financial stability; the size of the transaction; availability of securities to borrow for short sales; and the market for the security.

In addition to a broker-dealer's ability to provide "execution quality," AAM's selection criteria may include the value of various services or products provided by the broker-dealer. For example, AAM may acquire: research reports on or other information about particular companies, sectors or industries; economic surveys and analyses; recommendations as to specific securities; electronic market quotations; non-mass-marketed financial publications; portfolio evaluation services; performance measurement services; market, economic and financial studies and forecasts; data on pricing and availability of

securities; certain financial database software and services; and other products or services that may enhance its investment decision making.

AAM, in certain instances, may utilize Allaria Securities as an introducing broker dealer for certain securities transactions of advisory clients. In these instances, Allaria Securities and/or associated persons can receive compensation for brokerage transactions affected in these advisory accounts, and for the purchase of investment and insurance products recommended, which poses a potential conflict of interest. Clients can pay commissions higher than those obtainable from other brokers for the same services rendered by Allaria Securities or any other broker-dealer recommended to the client by AAM. Clients can also elect to have their account held custody and trades executed at a broker-dealer of their choice, which may or may not cost more to the client. AAM and Allaria Securities maintain dually associated persons and share facilities as such they are commonly and collectively referred to as “Allaria”.

AAM may aggregate sale and purchase orders of securities held by a client with similar orders being made simultaneously for other client accounts or entities if, in the reasonable judgment of the Adviser, such aggregation is reasonably likely to result in an overall economic benefit to clients based on an evaluation that the clients will benefit from relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In general, the average price of all securities purchased or sold in such transactions will be determined, and a client will be charged or credited, as the case may be, the average transaction price. Although, in any given case, this practice could have a detrimental or beneficial effect upon the price or value of the security for any client account, AAM believes that on an overall basis such practice is beneficial to clients. While AAM believes this is beneficial and fair on an overall basis with respect to all advisory accounts, there can be no assurance that on a trade-by-trade or overall basis that any particular client will not be treated more or less favorably than another client.

It is the Adviser’s policy not to enter into soft dollar arrangements and the Adviser has no formal soft dollar arrangements. The Adviser does not consider, in selecting or recommending broker-dealers, whether it or a related person receives Client referrals from such broker-dealer.

#### ***Brokerage for Client Referrals***

Adviser does not direct brokerage to particular brokers in consideration for client referrals.

### **Item 13 - Review of Accounts**

Accounts are typically reviewed by the Chief Compliance Officer on a periodic basis or as needed due to market conditions or transactional activity. The Chief Compliance Officer typically reviews daily transactions entered into for investment advisory clients to determine that correct entries have been made for all client records.

#### ***Factors Triggering a Review***

There are no specific triggering factors leading to a review.

## ***Client Reports***

Clients of the Adviser with discretionary accounts receive monthly or quarterly reports from their qualified Custodian. The Adviser may provide report, quarterly or as agreed between the Adviser and the client.

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

AAM, from time to time, receives client referrals, and such referrals often come from current clients, attorneys, accountants, employees, personal friends of employees and other similar sources. Furthermore, AAM does not currently accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Item 15 - Custody**

All assets are typically held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly. Therefore, aside from debiting fees from its clients' accounts to pay for services rendered, AAM does not maintain custody of its clients' funds. Clients receive monthly or quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains the client's investment assets.

## **Item 16 - Investment Discretion**

Adviser receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. With respect to Adviser's discretionary programs and accounts, AAM is generally conferred with discretionary authority to make the following determinations without obtaining the consent of the client before a transaction is effected:

- which securities are to be bought or sold;
- the total amount of the securities to be bought or sold;
- the broker or dealer through whom securities are to be bought or sold; and,
- the commission rates at which securities transactions for client accounts are effected.

When selecting securities and determining amounts, Adviser observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to Adviser in writing.

## **Item 17 - Voting Client Securities**

AAM does not vote proxies on securities, thus, clients are expected to vote their own proxies. Clients may request a copy of proxy voting records via contact to the Adviser's respective custodian.

## **Item 18 – Financial Information**

The Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. Also, the Adviser has not been the subject of a bankruptcy proceeding.