

AMI ASSET MANAGEMENT CORPORATION

10866 Wilshire Boulevard Suite 770
Los Angeles, CA 90024

(424) 320-4000 Phone
(424) 320-4181 Fax

www.amiassetmanagement.com

ADV Part 2A – Firm Brochure
November 15, 2017

This disclosure brochure (“Brochure”) provides information about the qualifications and business practices of AMI Asset Management Corporation. If you have any questions about the contents of this Brochure, please contact us at: (424) 320-4000 and/or katharine@amiassetmanagement.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

AMI Asset Management is an SEC registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information you may use to determine whether to hire or retain an Adviser.

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

Item 2. Material Changes

Since our last annual amendment on November 23, 2016, AMI revised this Brochure to reflect updates to the following item:

Item 15 – Custody – updated information to include custody of client accounts due to SLOA arrangements the client set up between AMI and the custodian.

Other non-material changes have been made to this Brochure, therefore AMI encourages each client to read the complete ADV Part 2A carefully and to call us with any questions you may have.

Pursuant to SEC regulations, AMI will ensure that clients receive a summary of any material changes to this Brochure within 120 days of the close of our fiscal year, along with a copy of this Brochure or an offer to provide the full Brochure. We may further provide other ongoing disclosure information about material changes as necessary. Our Brochure may be requested by calling us at the number listed on the cover page or at www.adviserinfo.sec.gov.

Additional disclosure information about AMI is also available via the SEC's website at www.adviserinfo.sec.gov.

Item 3. Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Cover Page	1
2	Material Changes	2
3	Table of Contents	3
4	Advisory Business	4
5	Fees and Compensation	6
6	Performance Based Fees and Side by Side Management	9
7	Types of Clients	9
8	Method of Analysis, Investment Strategies and Risk of Loss	10
9	Disciplinary Information	13
10	Other Financial Industry Activities and Affiliations	13
11	Code of Ethics, Participation or Interest in AMI Client Transactions and Personal Trading	15
12	Brokerage and Soft Dollar Practices	16
13	Review of Accounts	21
14	Client Referrals and Other Compensation	22
15	Custody	23
16	Investment Discretion	23
17	Voting Client Securities	23
18	Financial Information	24

Item 4. Advisory Business

Firm Description

Founded in 1994, AMI Asset Management Corporation (AMI) provides investment management services to individuals, high net worth individuals, pension and profit sharing plans, trusts, corporations and others. In providing its services, AMI generally utilizes equity and fixed income securities in its investment strategies and manages client assets in accordance with their overall investment goals and objectives.

Principal Owners

AMI's principal owners include William Tanner, Matthew Humiston and Peter Mainstain.

Types of Advisory Services

AMI provides its investment management services on a discretionary basis and currently offers seven core investment strategies:

1. Domestic Large Cap Growth
2. Domestic Small Cap Growth
3. Domestic Small-Mid Cap Growth
4. Domestic Large Cap Equity Income
5. Government/Corporate Fixed Income (Core Bond)
6. Intermediate Quality Tax Exempt Fixed Income (Muni Bond)
7. High Yield Capital Appreciation

Please refer to Item 8 for further information on our methods of analysis and investment strategies, including details on the specific risks associated with these strategies.

Client Investment Objective Guidelines

The investment advice provided by AMI is customized to each client's investment objectives and restrictions as provided to AMI. For individual and high net worth clients, AMI memorializes each client's investment objectives and risk tolerance via a questionnaire. The information provided in the questionnaire, together with any other information relating to the client's overall financial circumstances, will be used by AMI to determine the appropriate strategy(ies) for the client. For institutional clients, AMI provides investment advice based on the client's guidelines outlined in their investment policy statement.

AMI does not assume any responsibility for the accuracy of the information provided by the client and we are not obligated to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.). Under all circumstances, clients are responsible for promptly notifying AMI in writing of any material changes to the client's financial situation, investment objectives, time horizon, or risk tolerance. In the event that a client notifies AMI of changes in the client's financial circumstances, AMI will review such changes and recommend any necessary revisions to the client's portfolio allocation. Advisory representatives are available during normal business hours to consult with clients.

Tailored Relationships

Model Portfolios

AMI provides purchase and sell recommendations in the form of model portfolios through a Unified Overlay Management Program (UOMP). AMI does not enter into a direct relationship with the clients of these investment platforms and does not provide administrative portfolio account or account-specific performance reporting services to those clients. The recommendations that are provided through these programs are used by the Overlay Managers at their sole discretion.

Pooled Investment Vehicle ("Private Fund")

AMI also provides discretionary investment management services to non-affiliated private funds. We manage the pooled assets of each private fund in accordance with the fund's investment objectives and restrictions as outlined in their offering documents (i.e., prospectus or private offering memorandum). Fund investors have no authority to change a fund's investment objectives or limitations.

Sub-Advisory Arrangements

AMI also has sub-advisory arrangements with unaffiliated third party advisers ("Advisers") whereby AMI provides investment management services to certain of the Advisers' clients. The clients only enter into an agreement with the respective Adviser and not AMI. AMI and each Adviser enter into a sub-advisory agreement.

The investment management services provided by AMI are based on the AMI investment strategy selected by the client and in accordance with each client's overall investment guidelines as provided to AMI by the third party adviser.

ERISA Accounts

AMI provides investment advice to advisory clients that are employee benefit plans or other retirement accounts (i.e., IRAs). As such, AMI is considered a fiduciary pursuant to the Employee Retirement Income and Securities Act ("ERISA") and regulations under the Internal Revenue Code of 1986 (the "Code"), which requires that AMI abide by the Impartial Conduct Standards as defined by ERISA. To comply with these standards, AMI must provide investment advice that is in the best interest of retirement account clients at the time that the investment advice is given, charge no more than reasonable compensation [within the meaning of ERISA Section 408(b)(2) and Internal Revenue Code Section 4975(d)(2)], and make no materially misleading statements about investment transactions, compensation, conflicts of interest, and any other matters related to investment decisions.

Wrap Programs

AMI also offers its investment strategies through certain wrap programs (each, a "Wrap Program"), which are sponsored by multi-service financial institutions unaffiliated with AMI (each, a "Wrap Sponsor"). A list of such Wrap Programs may be found in AMI's Form ADV Part 1.

Generally, a wrap client selects an investment manager, such as AMI, from a list of Wrap Sponsor approved investment managers. The selected investment manager will provide investment management services for the wrap client's assets allocated to the Wrap Program. For a single all inclusive fee (the "Wrap Fee"), a wrap client receives certain other services provided by the Wrap Sponsor, such as trading execution and custodial services. AMI receives a portion of the Wrap Fee from the Wrap Sponsor for providing investment management services to the wrap client. The wrap clients generally enter into a written agreement with the Wrap Sponsor and not AMI.

Although the types of investment management services that AMI provides to wrap clients are generally the same as the types of investment management services provided to our

other clients, certain differences may exist. These include: 1) the fact that the Wrap Sponsor obtains each wrap client's investment objectives and restrictions and assists in determining the investment strategy best suited for the wrap client, and 2) communications regarding the investment management services provided to a wrap client is between the Wrap Sponsor and the wrap client, with AMI only communicating with the Wrap Sponsor (unless the wrap client requests otherwise).

AMI does not serve as the sponsor of any wrap programs.

Investment Management Agreement

Prior to the start of any client relationship, AMI enters into an agreement with the client. The agreement outlines the terms and conditions of the relationship including a description of the services to be provided by AMI, responsibilities of the client, fees as well as other standard contractual terms. The agreement between AMI and the client will continue in effect until terminated by either party pursuant to the terms of the agreement. AMI's annual fee shall be prorated through the date of termination as defined in the agreement and any remaining balance shall be charged to the client, as appropriate, in a timely manner.

In accordance with Rule 204-3 under the Investment Advisers Act of 1940, as amended, AMI will provide a disclosure brochure (ADV Part 2A) and one or more disclosure brochure supplements (ADV Part 2B) to each client or prospective prior to or contemporaneously with the execution of the agreement.

Client Assets Under Management

As of November 12, 2017, AMI has \$1,761,600,000 in discretionary assets under management.

Item 5. Fees and Compensation

Fee Schedule for High Net Worth Accounts

AMI's standard fee schedule for separately managed accounts is based on the market value of each account and is stated on an annual basis as follows:

Domestic Large Cap Growth: Minimum Account Size \$1,000,000

1.00%	on the first \$10 million
0.75%	on the balance

The minimum annual management fee is \$10,000 (based on a client's total assets under management), which may be waived by AMI. AMI will not charge a minimum fee in excess of 2% of assets under management in an account.

Domestic Small Cap Growth: Minimum Account Size \$500,000

1.50%	for all asset amounts
-------	-----------------------

The minimum annual management fee is \$7,500 (based on a client's total assets under management), which may be waived by AMI. AMI will not charge a minimum fee in excess of 2% of assets under management in an account.

Domestic Small-Mid Cap Growth: Minimum Account Size \$500,000

1.25% for all asset amounts

The minimum annual management fee is \$6,250 (based on a client's total assets under management), which may be waived by AMI. AMI will not charge a minimum fee in excess of 2% of assets under management in an account.

Domestic Large Cap Equity Income: Minimum Account Size \$500,000

1.00% on first \$10 million
0.75% on the balance

The minimum annual management fee is \$5,000 (based on a client's total assets under management), which may be waived by AMI. AMI will not charge a minimum fee in excess of 2% of assets under management in an account.

Government/Corporate Fixed Income: Minimum Account Size \$1,000,000

0.60% for all asset amounts

The minimum annual management fee is \$6,000 (based on a client's total assets under management), which may be waived by AMI. AMI will not charge a minimum fee in excess of 2% of assets under management in an account.

Intermediate Quality Tax Exempt Fixed Income: Minimum Account Size \$1,000,000

0.50% for all asset amounts

The minimum annual management fee is \$5,000 (based on a client's total assets under management), which may be waived by AMI. AMI will not charge a minimum fee in excess of 2% of assets under management in an account.

High Yield Capital Appreciation Accounts: Minimum Account Size \$1,000,000

1.00% for all asset amounts

The minimum annual management fee is \$10,000 (based on a client's total assets under management), which may be waived by AMI. AMI will not charge a minimum fee in excess of 2% of assets under management in an account.

Fee Schedule for Institutional Accounts

AMI's standard fee schedule for institutional accounts is based on the market value of each account and is stated on an annual basis as follows:

Large Cap Domestic Equity Accounts: Minimum Account Size \$5 million

0.70% up to \$10 million
0.60% on the next \$15 million
0.50% on the next \$25 million
0.40% on the balance

There is no minimum annual management fee.

Small Cap Domestic Equity Accounts: Minimum Account Size \$5 million

0.90%	up to \$10 million
0.80%	on the next \$15 million
0.70%	on the next \$25 million
0.60%	on the balance

There is no minimum annual management fee.

Small-Mid Cap Domestic Equity Accounts: Minimum Account Size \$5 million

0.90%	up to \$10 million
0.80%	on the next \$15 million
0.70%	on the next \$25 million
0.60%	on the balance

There is no minimum annual management fee.

Tailored Relationships

Model Portfolios

AMI generally receives an annual management fee ranging from 0.30% to 0.45% of the market value under management, depending on the investment strategies utilized, which is paid quarterly in arrears.

Private Funds

AMI generally receives an annual management fee ranging from 0.40% to 0.70% of each private fund's assets under management with AMI, which is paid quarterly in arrears and based on the private fund's AUM as of the end of each quarter. AMI does not charge a performance fee to the private funds and also does not receive any portion of any performance fee paid by the private funds. In addition, AMI does not receive any type of referral fee or other type of compensation from the private funds.

Sub-Advisory Relationships

AMI generally receives an annual management fee of 30-50 basis points of the market value under management, depending on the investment strategy utilized.

Wrap Programs

AMI generally receives an annual management fee of 30-50 basis points of the market value of each wrap client's assets managed by AMI. The Wrap Sponsors calculate and pay the fee to AMI.

Additional Fee Information

The management fees referenced in this Item 5 are for investment management services only and do not include any custodian fees, transaction fees or commissions charged by the account custodian and broker or any other charges, which are payable separately by the client. Please see Item 12 below regarding the firm's brokerage practices.

Management fees are payable quarterly in arrears. The first payment is assessed and

due at the end of the first calendar quarter that the account is opened, subject to pro rata adjustment based upon the number of days the account is open during the quarter. Subsequent payments are assessed and due on the first day of each calendar quarter for the prior quarter based on the value of the account assets as of the close of business on the last business day of the prior quarter. The portfolio management fee is subject to pro rata adjustment for additions and withdrawals greater than \$10,000 made to the account during the quarter. All fees are deducted directly from the client's account by the account custodian and paid directly to AMI unless a prior arrangement has been agreed to with AMI. Client should be aware of their responsibility to verify the accuracy of AMI's fees, as the custodian will not determine whether the fee has been properly calculated.

Fees are negotiable (higher or lower) based on such factors as complexity, portfolio size, or other special circumstance, at the sole discretion of AMI. While not a normal business practice, AMI has negotiated a performance based fee with a qualified client. Please see Item 6 below for further information.

Generally, AMI does not utilize mutual funds in its investment strategies, however, if clients require that we hold mutual funds in their portfolios or if mutual funds are transferred into the account, client should understand that such investments are also subject to management fees, transactions costs, 12b-1 fees and other fees and expenses as described in each fund's prospectus. To the extent that a client's account includes investments in money market funds, these investments would also be subject to management fees and other fees as described in the fund's prospectus. AMI does not receive any of these fees.

Clients should review the fees charged to their account(s) to fully understand the total amount of all fees charged. Clients should understand that lower fees for comparable services may be available from other investment advisers, custodians and/or broker-dealers.

Item 6. Performance-Based Fees and Side-By-Side Management

While not a normal business practice, AMI has negotiated a performance-based fee (*i.e.*, fee calculated based on a share of capital gains upon or capital appreciation of the assets or any portion of the assets of an advisory client account) with a qualified client and reserves the right to do so in the future. Performance-based fee arrangements are only entered into with qualified clients (as such term is defined under Rule 205-3(d)(1) of the Investment Advisers Act of 1940 and are subject to negotiation on a case by case basis. All such arrangements will comply with Section 205 and Rule 205-3 of the Investment Advisers Act of 1940, as amended, and all other applicable laws and regulations.

A potential conflict of interest arises related to the side-by-side management of accounts with a performance-based fee along with accounts with non-performance based fees. The management of both types of accounts at the same time creates an incentive to favor the account that produces a higher fee. AMI has procedures designed and implemented to ensure that all clients are treated fairly and that no client account is favored over another.

Item 7. Types of Clients

Description

AMI provides portfolio management services for individuals, high net worth individuals, trusts, estates, charitable organizations, endowments, professional organizations, religious organizations, corporations and other business entities, pension and profit-sharing plans, and private pooled funds.

Account Minimums

The minimum account size and fees are outlined in Item 5 above. The minimum account size and fee can be waived for new or existing clients, at the sole discretion of AMI.

Accounts obtained through wrap programs are subject to the investment minimums of the particular wrap program.

There may be times when certain restrictions are placed by a client which prevent us from accepting or continuing to service a client's account. AMI reserves the right to not accept and/or terminate a client's account if it feels that the client imposed restrictions would limit or prevent it from meeting and/or maintaining its objectives.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

AMI utilizes fundamental analysis and looks at the long term asset allocation objectives of the client. AMI uses information from sources such as financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, company press releases and other sources.

AMI relies primarily on its rigorous internal research process when making investment decisions. AMI's principal sources of information include issuers' annual reports to stockholders, industry data, interactions with management via telephone or the web, and where appropriate and feasible, company visits and conversations with suppliers and competitors. AMI also considers research furnished by broker-dealers and other industry members.

Investment Strategies

Large Cap Growth Equity

The investment objective of AMI's Large Cap Growth Strategy is to provide returns that exceed the S&P 500 Total Return Index and the Russell 1000 Growth Index over the long-term while maintaining a lower risk profile. AMI looks for companies with current large market capitalization and consistent recurring revenue, good growth prospects, strong cash flow and good balance sheets. AMI strives to buy companies at attractive valuations that are temporarily mispriced relative to our long term outlook. AMI adds value through a disciplined approach that focuses on the long term and looks beyond near term issues that may influence other managers. AMI has a bottom up portfolio construction approach with low turnover. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market or economic developments.

Small Cap Growth Equity

The investment objective of AMI's Small Cap Growth Strategy is to provide returns that exceed the Russell 2000 Growth Index over the long-term while maintaining a lower risk profile. AMI looks for companies with current small market capitalization and consistent recurring revenue, good growth prospects, strong cash flow and good balance sheets.

AMI strives to buy companies at attractive valuations that are temporarily mispriced relative to our long term outlook. AMI adds value through a disciplined approach that focuses on the long term and looks beyond near term issues that may influence other managers. AMI has a bottom up portfolio construction approach with low turnover. Small cap securities tend to be more volatile than those of larger, more well-known companies. This can lead to a greater chance of a larger decline when there are adverse issuer, political, regulatory, market or economic developments.

Small-Mid Cap Growth Equity

The investment objective of AMI's Small-Mid Cap Growth Strategy is to provide returns that exceed the Russell 2500 Growth Index over the long term while maintaining a lower risk profile. AMI looks for companies with current small to medium market capitalization (<\$12 billion) and consistent recurring revenue, good growth prospects, strong cash flow and good balance sheets. AMI strives to buy companies at attractive valuations that are temporarily mispriced relative to our long term outlook. AMI adds value through a disciplined approach that focuses on the long term and looks beyond near term issues that may influence other managers. AMI has a bottom up portfolio construction approach with low turnover. Small and Mid-cap securities tend to be more volatile than those of larger, more well-known companies. This can lead to a greater chance of a larger decline when there is adverse issuer, political, regulatory, market or economic developments.

Large Cap Equity Income

The investment objective of AMI's Large Cap Equity Income Strategy is to provide returns that exceed the Russell 1000 Dividend Growth Total Return Index over the long-term while maintaining a lower risk profile. AMI looks for companies with current large market capitalization and consistent recurring revenue, good growth prospects, strong cash flow, and good balance sheets. For the Large Cap Equity Income strategy, AMI places a heavier emphasis on companies with high dividend yields. AMI strives to buy companies at attractive valuations that are temporarily mispriced relative to our long term outlook. AMI adds value through a disciplined approach that focuses on the long term and looks beyond near term issues that may influence other managers. AMI has a bottom up portfolio construction approach with low turnover. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market or economic developments.

Core Fixed Income

AMI's Core Fixed Income objective is to provide current income consistent with preservation of capital and growth of capital as a secondary objective. It is suitable for most taxable and tax-exempt investors looking for diversification from their equity exposure as well as those desiring a high degree of current income. Portfolios may be invested in U.S. Government and agency securities, corporate bonds, mortgages, asset backed securities, and taxable municipal bonds. Our disciplined, research driven approach starts with a top-down analysis of the economy to determine which sectors are likely to perform best under our 12-18 month outlook. AMI also considers the relative valuation of each sector as compared to its historical mean as well as to that of other sectors. This provides our sector weightings and industry allocations. Issue selection is determined by a bottom-up fundamental analysis of each issuer and issue using independent external sources as well as internal proprietary research. Corporate bonds are examined for their ability to deleverage their balance sheets, increase interest coverage and achieve fundamental financial improvement so as to achieve ratings upgrades resulting in bond price appreciation (spread tightening). All portfolios are separately managed and can be easily customized to meet client requests including cash flow needs, yield requirements, sector exposure and maturity limitations. All investments can be both positively and negatively affected by interest rate risk and

credit risk.

Tax-Exempt Fixed Income

The investment objective of AMI's tax-exempt fixed income product is to provide an investment vehicle for taxable individuals and corporations which strives to achieve superior after-tax returns compared to U.S. Government, Agencies and corporate bonds having similar credit and maturity characteristics. Portfolios are invested in investment grade tax-exempt securities or equivalent, and are typically structured to maintain an intermediate aggregate maturity based on factors such as the economic environment, shape and expected changes of the yield curve, and the relative value of individual securities. National and/or state specific portfolios may be constructed based on client residency and preference. This product is suitable for investors looking for high after-tax income relative to other high quality debt securities, and who desire portfolio diversification, especially with respect to other income producing investments. AMI utilizes a top down approach to determine the appropriate portfolio structure within the current economic cycle (ladder versus barbell, short versus intermediate, callable versus bullet). AMI then uses a bottom up process to select the appropriate securities for each portfolio. AMI attempts to identify high quality, tax-exempt bonds of municipal issuers with favorable credit characteristics and the potential for rating upgrades and/or underlying financial improvements which are not fully reflected in current market prices. AMI closely examines the pledge backing each bond, the issuer's debt load, tax-rates, tax-base, demographics, and the rationale of each issue along with the use of proceeds. AMI prefers issues that are essential services and which have a secondary source of revenue that provide additional downside protection to bondholders. Examples would include toll bridges, water and power, sanitation and certain tax allocation issues. Every portfolio is customized to meet the specific needs of each individual client. Considerations include such factors as current asset allocation, state of residency, investment time horizon, cash flow needs, and anticipated marginal tax bracket. The municipal market can be significantly affected by interest rate risk (as interest rates rise, bond prices fall), the risk of issuer default, issuer credit risk and inflation risk.

High Yield Capital Appreciation

AMI's High Yield Capital Appreciation Strategy seeks to deliver high current income by investing in debt securities that also provide potential for capital appreciation. Fundamental research and issue selection is critical, emphasizing each company's cash flow characteristics, industry position, management quality, liquidity, asset coverage and the ability of the company to deleverage its balance sheet. AMI typically invests in securities rated B3/B- and higher with a focus on healthy companies within each rating category. The focus is on avoiding defaults and delivering stable current income while investing in issuers seeking to deleverage, obtain rating upgrades or pursuing early redemptions of their debt securities. Volatility is mitigated through issue, industry and quality diversification.

Material Investment Risks

Investing in securities generally involves risk of loss that clients should be prepared to bear. AMI investment recommendations are subject to various markets, currency, economic, political and business risks. Our investment decisions may not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the client's account(s). There can be no assurance that a client's investment objectives will be obtained. We do not guarantee or promise any level of performance.

In addition, the market value of stocks will fluctuate with market conditions, and small cap stock prices generally will move up and down more than large cap stock prices. Small cap stocks are subject to a higher degree of risk than more established (large cap)

companies' securities. The illiquidity of the small cap market can adversely affect the value of client investments.

Some additional general investment risks a client should be aware of include, but are not limited, to the following:

Market Risk: The price of a stock, bond or other security may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances.

Equity Risk: Since some of AMI strategies invest in equity securities, they are subject to the risk that stock prices may fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of each strategy's equity securities may fluctuate drastically from day-to-day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. These factors contribute to price volatility, which is the principal risk of investing in the strategies we offer.

Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Before entering into an agreement with AMI, 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 a minimum of three to five years, (2) that volatility from investing in the stock market can occur, and (3) that over time the client's assets may fluctuate and at anytime be worth more or less than the amount invested.

AMI does not represent, guarantee or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

Item 9. Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any

legal or disciplinary events that would be material to a current or potential client's evaluation of AMI or the integrity of AMI's management. AMI has no disciplinary information to report.

Item 10. Other Financial Industry Activities and Affiliations

Financial Industry Activities

Neither AMI nor any of its employees are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. AMI does not recommend or select other investment advisers for clients in exchange for compensation from those advisers.

Business Affiliations

William Tanner and Peter Mainstain, both partners of AMI, are also partial owners and CPAs of an affiliated accounting firm, Tanner Mainstain, Glynn and Johnson LLP (TMGJ). Some clients of AMI are also clients of TMGJ, although clients of either company are not obligated to use the services of the other firm.

While Mr. Tanner devotes as much time to the business activities of AMI as is reasonably necessary to perform his duties as Partner, Chairman and Equity Co-Portfolio Manager of AMI and ensure the delivery of the services described in this Brochure, he does devote a portion of his time (approximately 10%) to the business activities of TMGJ. This can create a potential conflict of interest due to the fact that Mr. Tanner's obligations to TMGJ take time away from his obligations at AMI. However, AMI has adopted various policies and procedures to help mitigate conflicts, and as fiduciaries, both AMI and Mr. Tanner put the interest of AMI clients first and foremost.

Mr. Mainstain is an equity partner in AMI, but does not take an active role in the day to day activities of the firm. He devotes approximately 90% of his time to the business activities of TMGJ.

Mr. Tanner, Mr. Mainstain and Mr. Matt Humiston (Partner, President, Chief Operating Officer, Equity Co-Portfolio Manager of AMI) are partial owners (each owning 33.3%) in the following businesses:

HUMATA Partners – partnership that invests in real estate investments, including private real estate funds.

BIPEMA Partners – partnership that invests in real estate investments, including private real estate funds.

Messrs. Tanner, Mainstain and Humiston currently devote less than 10% of their time to the business activities of these two partnerships. However, there are times when HUMATA and/or BIPEMA invest in a private fund or other real estate investment that has also been discussed with certain AMI clients by Messrs. Tanner, Mainstain or Humiston. These discussions are not performed as part of their duties with AMI and are not, and should not be considered, a recommendation to purchase such investments. In some cases, HUMATA or BIPEMA receives compensation from the issuers/syndicators of these real estate investments based on the investments made by certain investors, which include investments made by AMI clients.

For further details regarding their outside business activities, including information on the compensation received, please refer to Form ADV Part 2B – Supplemental

Brochures for Messrs. Tanner, Mainstain and Humiston.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

AMI has a Code of Ethics that is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940. AMI values its firm's reputation and always strives to uphold the principles of honesty, integrity and professionalism. The Code of Ethics consists of certain core principles included, but not limited to: a) AMI has a fiduciary duty to place the interests of its clients ahead of the firm and its employees' interests at all times; b) Officers and employees will not take inappropriate advantage of their positions; c) Information concerning client investments will be kept confidential; and d) Employees will provide professional investment management advice based upon unbiased independent judgment.

AMI and its employees are required to comply with applicable federal securities laws. AMI will not induce trading in a client's account that is excessive in size or frequency in view of the financial resources and character of the account. AMI will make recommendations with reasonable grounds to believe that the recommendations are suitable for the client on the basis of information being furnished by the client. AMI will place discretionary orders only after obtaining clients' authorization as evidenced by the Client Agreement. AMI will not borrow money or securities from, or lend money or securities to, a client. AMI will not place orders for clients, or recommend that clients place an order, or purchase or sell a security through a broker/dealer or agent, or engage the services of a broker/dealer, agent or investment adviser, not licensed under the states AMI provides investment advice in. AMI will not guarantee a client that a specific result will be achieved.

AMI strictly prohibits their employees from trading for their own accounts, or accounts of their clients, friends, family or relatives while in possession of material non-public information. AMI also strictly prohibits employees from communicating any non-public information to other persons, other than AMI personnel involved in the matter who have a need to know such information and the firm's outside advisers retained to handle the matter.

AMI requires all of its employees to report their personal securities trading and holdings. AMI requires pre-clearance on all personal trades of employees and family members defined as dependent children, spouse or dependent parents. All trades are required to be submitted in writing to the Chief Compliance Officer for approval before trades can be placed.

In accordance with rule 206(4)-5 of the Investment Advisers Act of 1940, AMI seeks to curtail investment adviser participation in pay-to-play practices by restraining political contributions, prohibiting the solicitation of political contributions, and prohibiting the use of particular third party solicitors.

AMI will provide any client or prospective client a full copy of our Code of Ethics upon request.

Participation or Interest in Client Transactions

At times AMI and/or its advisory representatives take positions in the same securities as clients, but any trading by AMI or its advisory representatives will generally be "last

in” and “last out” for the trading day when trading occurs in close proximity to client trades. Front-running (trading shortly ahead of clients) is prohibited by AMI.

AMI’s policy is that the interests of its clients take precedence over its personal interests, and the interests of its affiliates, employees and representatives. Accordingly, AMI personnel will disclose any material relationships that AMI and/or they have with respect to any investment recommended to clients. In addition, AMI will make its recommendations in a manner that is suitable for each of its clients based on their personal financial circumstances and investment goals. AMI personnel will not purchase or sell securities for their own accounts if the transaction will disadvantage clients in any way.

Item 12. Brokerage Practices

Selecting Brokerage Firms

AMI does not have any ownership affiliation with broker-dealers. From time to time, AMI recommends a custodian/broker who will hold client assets and execute transactions on terms that AMI feels are, overall, most advantageous when compared to other available providers and their services. When selecting a custodian/broker to recommend, AMI considers a wide range of factors, including, among others: a) combination of transaction execution services and asset custody services; b) capability to execute, clear and settle trades (buy and sell securities for client accounts); c) capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.); d) breadth of available investment products; e) quality of services; f) competitiveness of the price of those services (commission rates, margin interest rates and other fees, etc.) and willingness to negotiate the prices; g) reputation, financial strength and stability; and h) prior service to AMI and AMI’s other clients.

Non-Institutional Clients (individuals, high net worth individuals)

Currently, AMI recommends that its non-institutional clients use Schwab Advisor Services, a division of Charles Schwab & Co., Inc. (“Schwab”) as their custodian. As part of their services, generally Schwab will not charge custodial fees to a client as long as the client’s transactions are placed with Schwab for execution or with Schwab as prime broker. Schwab charges a transaction fee for each client account transaction executed by Schwab. For transactions executed outside of Schwab, with Schwab serving as prime broker, Schwab charges a flat fee. This prime broker fee is in addition to any transaction fees/commissions charge by the executing broker. All Schwab’s fees and charges are fully disclosed on the confirmations and account statements sent by Schwab to each client. The transaction and prime broker fees charged by Schwab may be higher or lower than those charged by other financial institutions.

While there is no direct link between the investment advice given to clients and our recommendation to use the custodial services of Schwab, certain benefits are received by us due to this arrangement. Please refer to item 14 below for a detailed description of the services and benefits received by us. There may be times, however, when we use an alternative broker-dealer to provide execution of certain securities transactions for non institutional clients. This requires both AMI and the AMI non institutional client to enter into a Prime Brokerage Agreement with Schwab. AMI will place transactions for non institutional clients in equity and fixed income securities with alternative broker-dealers if Schwab does not have the ability to obtain the fixed income security we are trading or we believe that best execution for such individual transactions could be achieved outside of Schwab. Non institutional clients are under no obligation to enter into a prime brokerage agreement with Schwab and should

ensure that they fully read and understand the terms of such arrangement prior to executing such agreement. In addition, in order for such clients to participate in a prime brokerage arrangement, the client is required to maintain a minimum net equity of cash and securities in their Schwab account, as determined by Schwab.

AMI maintains a list of approved executing brokers that meet our standards with respect to execution and research capabilities and such list is reviewed periodically by AMI investment and trading personnel. Each of these approved executing brokers also enters into a Prime Brokerage Agreement with Schwab. An account will be opened with the executing broker in the name of Schwab as Prime Broker designated for the benefit of the AMI non institutional client or AMI on behalf of its non-institutional clients. This allows the executing broker to execute the trade and then send the trade to Schwab as the Prime Broker for settlement.

Non institutional clients receive confirmations and account statements from Schwab as custodian, which include, among other things, a description of each executed transaction, the transaction fees charged, including the Prime Broker fee (additional to transaction fees) that is charged by Schwab and the identification of the broker used for execution when applicable, along with other required information.

Prime brokerage arrangements give AMI more access to fixed income securities beyond Schwab's inventory and helps us seek better execution by having greater flexibility to, in most cases, negotiate price and commission costs with the executing broker. However, clients should understand that the total costs of a prime brokerage transaction may be more than if AMI were to trade only with Schwab and in some cases the commissions may be used to help pay for research (also known as "soft dollars"). Importantly, AMI will only place prime brokerage transactions when AMI believes such transactions will provide best execution for non institutional clients. Please refer to the "Best Execution" and the "Soft Dollars" sections below for further details regarding AMI practices when seeking best execution for clients' transactions and utilizing soft dollars for payment of research and brokerage services.

Institutional Clients (pension and profit sharing plans, charitable organizations and corporations)

Generally, AMI does not recommend custodians to institutional clients. For brokerage, AMI maintains a list of approved executing brokers that meet our standards with respect to execution and research capabilities and such list is reviewed periodically by AMI investment and trading personnel. Unless otherwise directed by an institutional client to use an alternate broker-dealer for execution of their account transactions (see "Directed Brokerage Arrangements" below), AMI will place trades with brokers on our approved list in accordance with our best execution policy outlined under "Best Execution" below.

Directed Brokerage Arrangements

Clients may select their own broker-dealer for execution of trades and/or custodial services, at commission rates and charges negotiated by clients directly with the broker. In these cases, AMI will not seek better execution services or prices from other broker-dealers and may be unable to "batch" client transactions for execution through Schwab or other broker-dealers with orders for other accounts managed by AMI and AMI will have limited ability to ensure the broker-dealer selected by the client will provide best possible execution. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, AMI may decline a client's request to direct brokerage if, in AMI's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or

violate restrictions imposed by other broker-dealers. Clients also should be aware that conflicts can arise between the client's interest in receiving best execution with respect to transactions effected for the account and AMI's interest in potentially receiving future client referrals from the broker. Therefore, prior to directing us to use a specific broker-dealer, clients should consider whether execution, clearance and settlement capabilities, commission expenses and whatever amount is allocated to custodian fees, if applicable, would be comparable to those otherwise obtainable. Clients should understand that he/she might not obtain commissions rates as low as it might otherwise obtain if we had discretion to select other broker-dealers.

Best Execution

It is the policy and practice of AMI to strive for the best price and execution that are competitive in relation to the value of the transaction ("best execution"). In order to achieve best execution, AMI will use its best judgment to choose the broker-dealer most capable of providing the brokerage services necessary to obtain the best overall qualitative execution. Although AMI will strive to achieve the best execution possible for client securities transactions, this does not require it to solicit competitive bids and AMI does not have an obligation to seek the lowest available commission cost. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among other things, the value of research provided, execution capability, commission rates, prime brokerage costs (when applicable), benefits received by the client from the broker, and responsiveness. Consistent with the foregoing, while AMI will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions. AMI is not required to negotiate "execution only" commission rates, thus the client may be deemed to be paying for research and related services (*i.e.*, "soft dollars") provided by the broker which are included in the commission rate.

To help ensure that AMI is receiving best execution (as such term is defined above) on all client transactions, AMI will periodically (no less often than annually) evaluate the trading process and brokers utilized. AMI's evaluation will consider the full range of brokerage services offered by the brokers used, which may include, but is not limited to execution price, commission, timing, research, aggregated trades, capable floor brokers or traders, competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communications and settlement processing, use of automation, knowledge of other buyers or sellers and administrative ability.

When AMI provides advisory services under Wrap Programs, AMI is usually directed in the wrap agreements to place transactions with the Wrap Sponsor or its affiliated broker-dealer for execution, unless AMI believes that best execution can be obtained by placing transactions with a different broker-dealer. AMI generally places transactions for wrap clients through the Wrap Sponsor due to the fact that the brokerage costs for each transaction are included in the full wrap fee that the wrap client pays to the Wrap Sponsor. If AMI trades with a broker other than the Wrap Sponsor, the wrap client incurs an additional fee. As a fiduciary, AMI seeks best execution for its clients; however, wrap clients should be aware that this type of arrangement is generally treated as a "directed brokerage" arrangement and as such could result in a wrap client receiving terms for certain trades that are less favorable in some respects than our other clients whose trades are non-directed. Please refer to "Directed Brokerage Arrangements" section above.

In evaluating a Wrap Fee program, the client should understand that AMI is not negotiating brokerage commissions with the Wrap Sponsor on behalf of the wrap client. Further, with a Wrap Fee program, a wrap client should also consider that, depending

upon the level of the single fee charged under the wrap program, the package of services provided, the amount of the portfolio activity in the account and the value of the custodial and portfolio monitoring services, the single fee may be higher or lower than the total cost of all the services the client is receiving were the client able to pay for each service separately. Please refer to Item 5 for further information on fee arrangements.

Soft Dollars

When placing transactions for all types of clients, AMI may select a broker-dealer in recognition of the value of various services or products, beyond transaction execution, that such broker-dealer provides where, considering all relevant factors, the Firm believes the broker-dealer can provide best execution. Selecting a broker-dealer in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with “soft dollars.” The amount of compensation paid to such broker-dealer may be higher than what another, equally capable broker-dealer might charge. The following discussion is intended to provide clients with certain important information regarding such practices, including the conflicts of interest surrounding soft dollar arrangements.

Certain services received under a soft dollar arrangement benefit AMI, because AMI does not have to produce or pay for the research or other products or services provided when it obtains such products and services by using client commissions. Although customary, soft dollar arrangements present potential conflicts of interest in allocating securities transactional business to broker-dealers in exchange for the soft dollar benefits, including an incentive to select or recommend a broker-dealer based on AMI’s interest in receiving the research or other products or services, rather than on clients’ interest in receiving most favorable execution. Additionally, AMI could have an incentive to effect more transactions than might otherwise be the case in order to obtain those benefits. The extent of any conflicts depends in large part on the nature and uses of the services and products acquired with soft dollars.

Research and brokerage services provided under a soft dollar arrangement can be used by AMI in servicing any or all of our clients, and in some cases are used in connection with clients other than those making the payment of commissions. In other words, there are times when certain client accounts benefit from the research and brokerage services, but did not make the payment of commissions to the broker-dealer providing the services. The receipt of brokerage and research services from any broker executing transactions for our clients will not result in a reduction of our customary and normal research activities.

Below is a description of AMI’s soft dollar arrangements:

Schwab: AMI has a soft dollar arrangement with Schwab under which AMI and its clients are provided access to its institutional brokerage – trading, custody, reporting and related services – many which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of these services help us manage or administer our clients’ accounts while others help us manage and grow our business. Schwab’s support services are generally available on an unsolicited basis and at no charge to us as long as we keep a total of at least \$10 million of our clients’ assets in accounts at Schwab.

Services that Benefit You – Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this

paragraph generally benefit you and your account.

Services that May Not Directly Benefit You – Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in management and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that: a) provide access to client account data; b) facilitate trade execution and allocate aggregated trade order for multiple client accounts; c) provide pricing and other market data; d) facilitate payment of our fees from our clients' accounts; and e) assist with back office functions, recordkeeping and client reporting.

Services that Generally Benefit Only Us – Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include: a) educational conferences and events; b) technology, compliance, legal and business consulting; and c) publications and conferences on practice management and business succession.

Schwab may provide some of these services itself. In other cases, it will arrange for third party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.

Capital Institutional Services: AMI also has a soft dollar arrangement in place with Capital Institutional Services (CAPIS), a FINRA registered broker-dealer. CAPIS pays for certain third party research products and services that are provided to AMI. CAPIS is an approved broker that AMI uses for placing certain institutional client transactions, based on best execution, and they also serve as an executing broker under Schwab's Prime Brokerage arrangement. The commissions charged to clients for transactions executed by CAPIS are used to help pay for the third party research products and services that are provided to AMI.

Research Brokers: AMI may, in circumstances where it has brokerage discretion and in which execution is comparable, place trades with a broker that is providing research services to AMI ("Research Broker"). These research services include providing information regarding the economy, industries, sectors of securities, individual companies, statistical information, taxation; political developments, legal developments, technical market action, pricing and appraisal services, credit analysis; risk measurement analysis and performance analysis. Such research services can be received in the form of written reports, telephone conversations, personal meetings with security analysts and/or individual company management, and attending conferences. The research services provided by a Research Broker may be proprietary and/or provided by a third party (i.e. originates from a party independent from the broker providing the execution services). In selecting a Research Broker, AMI will make a good faith determination that the amount of the commission charged is reasonable in relation to the value of the research services received.

Section 28(e) of the Securities Exchange Act of 1934 provides a "safe harbor" to investment advisers who use "commission dollars" of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing investment decision-making responsibilities. AMI uses commission dollars to pay only for products and services the firm reasonably believes fall within the safe harbor of 28(e).

AMI has no obligation to direct client transactions to Schwab, CAPIS or a Research

Broker but may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research, products and services generated from soft dollars rather than our client's interest in receiving the most favorable execution.

To address the conflicts surrounding soft dollar arrangements, AMI has adopted written policies and procedures regarding trading and brokerage selection. In addition, we perform periodic reviews of our soft dollar arrangements to help ensure that clients are receiving best execution.

Order Aggregation and Allocation

As part of its efforts to obtain best execution, AMI aggregates orders, or "block trade," for its clients whenever possible. AMI has adopted policies and procedures regarding the aggregation and allocating of block trades, which include the following:

- AMI will only aggregate trades when it believes that such aggregations are consistent with its duty to seek best execution and with the terms of the written agreement between AMI and the client;
- AMI will strive to ensure that no single account participating in the block trade would be favored over any other participating account; and
- Each account that participates in a block trade will participate at the average weighted executed share price for that security.

All transaction costs will be pro rata based upon each account's participation in such blocked order, unless a participating account's brokerage or custodian arrangement requires that the client pay a specific transaction fee.

Cross Transactions

AMI, subject to all of the provisions of the Investment Advisory Agreement signed by each client, may place transactions whereby AMI has clients both buying and selling the same fixed income security on the same day (commonly known as "cross transactions"). Specifically, a cross transaction is a transaction in which a security is sold from one AMI client's account and purchased by another AMI client's account on the same day. This type of transaction is executed by a broker and a transaction fee/commission is charged by the broker. AMI does not directly or indirectly receive any portion of the transaction fee/commission. When placing cross transactions for fixed income securities, AMI will always seek to achieve best execution for all client accounts involved and such transactions will be independently priced through the executing broker. After each transaction is executed, AMI sends each client involved a letter outlining the details of the transactions, and additionally sends an annual summary containing information on all cross transactions that took place during the year. AMI does not place cross transactions for equity securities.

Item 13. Review of Accounts

Periodic Reviews

Accounts are invested using internally developed model portfolios for the chosen strategy. Some accounts may hold securities not in the model portfolio or have weightings different to those of our model portfolio due to client restrictions and/or other special circumstances. Once initially invested, accounts are continuously reviewed by the portfolio managers to ensure that client objectives and guidelines are being followed. Changes in the economy, or news on various investments will prompt a more frequent review of the accounts.

Regular Reports

Clients receive standard monthly account statements and trade confirmations directly from the custodian. Additionally, clients have access to electronic Quarterly Performance Reports from AMI, with the exception of wrap clients. AMI does not provide reports to wrap clients.

Under certain circumstances, such as client request, AMI will provide consolidated reporting of a client's managed and non-managed assets. AMI has no investment authority over the non-managed assets, and will not, at any time provide or be obligated to provide advice or investment management services concerning such non-managed assets, unless otherwise agreed to in writing by AMI and the client.

Clients are urged to compare the reports received from AMI to those received from the account custodian.

Item 14. Client Referrals and Other Compensation

Client Referral Arrangements

AMI maintains contractual agreements with unaffiliated parties who refer clients to AMI for compensation. All referral agreements are made in writing pursuant to Rule 206(4)-3 of the Investment Advisers Act of 1940. While the specific terms of each agreement may differ, the referral source typically receives a percentage of the management fees received by AMI from accounts referred by the referral source. The referral source compensation does not adversely affect the fee that AMI charges for its portfolio management services. The clients procured by solicitors will be given full disclosures describing the terms and fee arrangements between AMI and the solicitor prior to or at the time of entering into the advisory agreement.

Other Compensation

As discussed more fully under Item 12 above, AMI has entered into certain soft dollar arrangements whereby brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist AMI in its investment decision-making process. The receipt of such services may be deemed to be the receipt of an economic benefit by AMI, and although customary, these arrangements give rise to potential conflicts of interest, including the incentive to allocate securities transactional business to broker-dealers based on the receipt of such benefits rather than on a client's interest in receiving most favorable execution.

We also receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. Some of these other products and services assist AMI in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of AMI's fees from its clients' accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally are used to service all or a substantial number of AMI's clients' accounts, including accounts not maintained at Schwab. Schwab also makes available to AMI other services intended to help AMI manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business

succession, regulatory compliance, and marketing. In addition, Schwab sometimes makes available, arranges and/or pays for these types of services rendered to AMI by independent third parties. Schwab sometimes discounts or waives fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to AMI. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. However, it is available to us so long as we have our clients custody their managed assets at Schwab. Please refer to further information outlined in Item 12 above.

While as a fiduciary, AMI endeavors to act in its clients' best interests, our recommendation that non-institutional clients maintain their assets in accounts at Schwab may be based in part on the benefit to us of the availability of some of these products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a potential conflict of interest. To address this conflict, AMI monitors its brokerage and soft dollar arrangements and performs periodic reviews of trade executions to help ensure best execution is being obtained. AMI also has a number of written policies and procedures addressing our trading practices.

Item 15. Custody

Under Rule 206(4)-2, AMI is deemed to have custody of certain client assets. This is due to the fact that: (1) clients authorize us to instruct their custodian to deduct AMI's advisory fees directly from client accounts, and (2) Clients establish a standing letter of authorization (SLOA) between AMI and the custodian authorizing AMI to transfer client assets to a third party. Having custody of client assets creates a conflict of interest. To address this conflict AMI ensures that all client assets are held with a qualified custodian (as such term is defined in Rule 206(4)-2. In addition, AMI meets the SEC's 7 conditions so an annual surprise examination is not required.

Each client's custodian maintains actual physical custody of client assets. Clients will receive account statements directly from the custodian on a monthly basis. They will be sent to the email or postal mailing address the client provided to the custodian. Clients should carefully review those statements promptly when they receive them. AMI also urges clients to compare the custodian's account statements to the electronic Quarterly Performance Reports they receive from AMI. AMI reports may vary from custodial statements due to accounting procedures, reporting dates or valuation methodologies of certain securities.

Item 16. Investment Discretion

AMI has full discretion to buy and sell securities, without prior client approval under its investment advisory contract with the client. Clients sign agreements directly from the custodian/broker that grants AMI limited power of attorney for trading on their investment accounts. AMI exercises its investment discretion consistent with its investment philosophy, as well as any investment guidelines or restrictions imposed by the client.

Item 17. Voting Client Securities

Summary of Proxy Voting Policy

AMI has adopted Proxy Voting Policies and Procedures for voting proxies in accordance

with Rule 206(4)-6 under the Investment Advisers Act of 1940.

AMI shall vote proxies related to securities held by any client in a manner solely in the best interests of the client. AMI shall consider only those factors that relate to the client's investment, including how its vote will economically impact and affect the value of the client's investment. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders; proxy votes generally will be cast against proposals having the opposite effect. In voting on each and every issue, AMI and its employees shall vote in a prudent and diligent fashion and only after a careful evaluation of the issue presented on the ballot.

To assist in analyzing proxies, AMI subscribes to Institutional Shareholder Services ("ISS"), an unaffiliated third party corporate governance research service that provides proxy research and recommendations, as well as automated voting and record keeping. AMI fully reviews and approves the ISS Proxy Voting Guidelines and follows their recommendations on most issues brought to a shareholder vote. In special circumstances, where an AMI research analyst or portfolio manager believes that any ISS recommendation would be to the detriment of AMI's investment clients, AMI will override an ISS recommendation. AMI will retain a written record supporting the decision to override the ISS recommendation.

AMI may choose not to vote proxies in certain situations or for certain accounts, such as 1) where a client wishes to retain the right to vote the proxy, 2) where AMI deems the cost of voting would exceed any anticipated benefit to the client, 3) where a proxy is received for a client account that has been terminated with AMI, 4) where a proxy is received for a security that AMI no longer manages (i.e. AMI had previously sold the entire position), 5) where proxy materials are not received prior to the vote date, 6) where securities are out on loan, 7) where the security is a non-AMI core holding, and/or 8) where the exercise of voting rights could restrict the ability of an account's portfolio manager to freely trade the security in question.

AMI also seeks to avoid any conflicts of interest that may arise in the reviewing and voting of client proxies. In the event that any conflict of interest arises, AMI will disclose the circumstances of any such conflict to the client(s) and in most cases forward the proxy materials to the client(s) to vote, vote according to ISS recommendations or take such other action as may be appropriate under the particular circumstances.

AMI will provide a full copy of the Proxy Voting Policies and Procedures and/or inquiries regarding how a specific proxy proposal was voted upon client request.

Item 18. Financial Information

AMI does not have any financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. AMI 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.