

Advanced Asset Management Advisors, Inc.

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This Brochure provides information about the qualifications and business practices of Advanced Asset Management Advisors, Inc. (“AAMA” or the “Firm”). If you have any questions about the contents of this Brochure, please contact Robert D. Baker at 614-726-3622 or bbaker@aamamail.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

AAMA is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

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

Item 2 – Material Changes

Since the annual filing of Advanced Asset Management Advisors, Inc.’s (“AAMA”) Form ADV Part 2A dated December 31, 2016, the following material changes have been made as of June 28, 2017, along with various minor edits to language:

- Item 4 - Advisory Business – updated discussion of model portfolios provided to the Strategist Programs
- Item 5 - Fees and Compensation – disclosure of fees associated with the Strategist Programs
- Item 7 – Types of Clients – AAMA now advises the Affiliated Mutual Fund clients
- Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss – updated risk disclosures
- Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – disclosure of certain arrangements with Strategist Program sponsors
- Item 12 – Brokerage Practices – discussion of brokerage practices associated with the Affiliated Mutual Funds
- Item 16 – Investment Discretion – disclosure of management contracts with the Affiliated Mutual Funds
- Item 17 – Voting Client Securities – disclosure of the proxy voting policies relating to the Affiliated Mutual Funds

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Item 4 – Advisory Business

AAMA was incorporated in December 1998 and began managing assets for clients (each a “Client” or collectively the “Clients”) on January 1, 1999. AAMA provides investment advisory services to Clients that include individuals and families, individual retirement accounts (IRAs), corporations, retirement plans (pension, profit sharing, and 403b Plans), other investment advisors, other broker dealers, and charitable organizations. AAMA also provides investment advisory services to clients that are registered investment companies (the “Affiliated Mutual Funds”).

The firm is a privately held corporation, primarily owned by Robert D. Baker and Philip A. Voelker. As of December 31, 2016, the firm had \$749,489,723 assets under management and advisement (\$139,310,973 discretionary assets under management and \$610,178,750 of non-discretionary assets under advisement).

AAMA offers Clients customized portfolios, market neutral portfolio strategies, and a number of Life-Style Portfolios including: Stable, Fixed Income, Moderate Fixed Income, Balanced, Strategic Balanced, Moderate Growth, Growth, Aggressive Growth, International Growth and Frontier (Alternative Asset Class) Disciplines. Clients may complete a risk/return profile questionnaire, which helps determine which of the above portfolios might be appropriate for the management of the Clients’ assets. Each Client selects one or a combination of the above portfolio disciplines. Each Client acknowledges and agrees to the selected portfolio discipline(s) by their execution of the Asset Management Agreement.

While AAMA provides ongoing investment management services, Clients may impose reasonable restrictions in writing on their accounts, such as investing in certain securities or types of securities. In addition, a client may assign assets for management, which may include “directed” assets that do not involve investment supervisory services. Fees are charged on the same basis.

AAMA occasionally assists Clients in limited financial planning discussions. These services are limited and considered incidental to AAMA’s investment management services.

Some of AAMA’s Clients are sponsors of strategist programs where AAMA serves as a strategist and provides recommendations regarding the purchase or sale of specific securities, at specific weights for each individual security, in a model portfolio (the Strategist Programs”). The sponsor of the program pays AAMA a fee for providing the recommendations and will use these recommendations in managing the underlying client accounts for which the

sponsor through their relationship with other investment advisors has discretionary authority; however, the decision regarding the timing and magnitude of purchases or sales rests solely with the sponsor or the other investment advisor. The model portfolios provided to the sponsors of these programs are similar to the model portfolios used by the Firm in its various strategies. However, the model portfolios provided to sponsors recommend that the sponsor invest Clients' assets in a fixed percentage the Affiliated Mutual Funds. Model portfolios currently implemented for other Clients do not allocate any assets to the Affiliated Mutual Funds.

AAMA provides investment supervisory services to the Affiliated Mutual Funds under the terms of its management agreement with each Fund, subject to the supervision of the Funds' Boards of Trustees, and has overall responsibility for directing the investments of each Fund in accordance with its investment objectives, policies and restrictions as provided in the Funds' registration statements filed with the SEC. The Affiliated Mutual Funds pursue equity and fixed income strategies. AAMA provides all necessary office facilities and personnel for managing the Funds' investments and also pays the salaries and fees of all officers of the Funds and of all members of the Boards of Trustees who are "interested persons" of the Funds.

Item 5 – Fees and Compensation

The specific manner in which fees are charged by AAMA is established in a Client's written asset management agreement with AAMA. AAMA will generally bill its fees on a quarterly basis in advance. Clients may elect to be billed directly for fees or to authorize AAMA to directly debit fees from Client accounts. Management fees shall not be prorated for capital contributions and withdrawals made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee based on the number of days the account was open during the period. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

AAMA's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which will be incurred by the Client. Clients may incur certain charges imposed by platforms/custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund transfer fees, and other fees and taxes on brokerage accounts and securities transactions. Clients of AAMA whose assets are partially or fully invested in mutual funds/ ETF shares or variable annuity sub-account shares will pay a direct management fee to AAMA and an indirect management fee through the investment in the shares of the mutual funds/ETF Shares or annuity

sub-account. Such charges, fees and commissions are exclusive of and in addition to AAMA's fee, and AAMA does not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that AAMA considers in selecting or recommending broker-dealer platforms/Custodians for client transactions and determining the reasonableness of their compensation (e.g., commissions). In all cases, the Client makes the final selection of the specific Custodian by executing a new account application with that Custodian.

AAMA assists some Clients in the selection of various cash management/money market vehicles. AAMA does not charge for this service.

AAMA's management fee for Clients is calculated at the annual rate of 2.00% or less of the value of such assets. Management fees are negotiable. Solicitor-referred Clients generally pay a higher advisory fee than Clients that engage AAMA directly.

Fees are refundable on a pro-rated basis for both fixed fee and percentage of asset value accounts. The Client has the right to terminate both a fixed fee and percentage of asset value contract within five (5) business days of entering into the contract without any penalty and with a full refund of all management fees to the client. The Client or AAMA may terminate an investment advisory contract at any time.

Some of AAMA's employees and supervised independent contractors receive compensation based upon the amount of management fees generated by their sales and marketing efforts and thus have a financial interest in the Client selecting AAMA to manage the Clients' assets.

Clients of AAMA receive a copy of the firm's Privacy Policy and Notice upon entering into an investment advisory relationship with AAMA. Annually, within 90 days of AAMA's fiscal year end, Clients receive an updated copy of the AAMA's Privacy Policy and a copy of the firm's Proxy Voting Policy.

AAMA receives compensation from the sponsors of Strategist Programs based on assets in such programs. However, AAMA does not directly receive compensation from the sponsors of Strategist Programs for strategies that are invested in the Affiliated Mutual Funds. Rather, AAMA is compensated through the fees it receives from the Affiliated Mutual Funds recommended to such programs. AAMA receives a management fee ranging from 0.75% - 1.00% of the Funds' assets (a portion of which is currently waived by AAMA) from the Affiliated Mutual Funds. The management fee is calculated daily and paid monthly in arrears based on the average daily net assets of the Funds. AAMA

does not receive any 12b-1 fees or other compensation from the Affiliated Mutual Funds but has negotiated certain revenue sharing agreements with financial intermediaries. Please refer to the Affiliated Mutual Funds' prospectuses and registration statements for complete information on the fees and expenses associated with an investment in the Funds.

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

AAMA does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a Client). AAMA does not manage side-by-side management accounts.

Item 7 – Types of Clients

AAMA provides investment advisory services to the Affiliated Mutual Funds, individuals and families, individual retirement accounts (IRAs), corporations, retirement plans (pension, profit sharing, and 403b Plans), investment advisors, broker dealers and charitable organizations. AAMA provides Section 3(21) investment advisory services specifically related to retirement plans.

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

Investing in securities involves risk of loss that Clients should be prepared to bear. AAMA utilizes modern portfolio management techniques and strategies in the management of their Clients' assets under management. These techniques include but are not limited to fundamental and technical analysis.

Client portfolios are generally invested in non-affiliated equity and fixed income mutual funds and Exchange-Traded Funds ("ETFs") as well as Money Market Funds. The model portfolios provided to the strategist programs recommend the Affiliated Mutual Funds and other non-affiliated investment products. The AAMA Equity Fund invests in common stocks, ETFs, American Depositary Receipts ("ADRs"), Real Estate Investment Trusts ("REITS"), preferred stocks, non-affiliated mutual funds and other instruments. The AAMA Income Fund invests in corporate bonds, government and agency securities, municipal bonds, other fixed income securities, non-affiliated mutual funds and other instruments. Please refer to the Affiliated Mutual Funds' prospectuses, registration statements and other offering documents for more detailed information on the methods, investment strategies and risks associated with an investment in the Affiliated Mutual Funds.

AAMA obtains information or research from a number of news and raw data sources. The sources include but are not limited to financial newspapers and magazines, research materials prepared by other investment managers, mutual

funds, and exchange traded funds, corporate and mutual fund rating services, annual reports, prospectuses, government databases, and filings with the Securities and Exchange Commission.

In managing portfolios, AAMA utilizes strategies which include long term purchases (12 month or longer time horizons), short term purchases (12 month or shorter time horizons), and trading strategies (30 days or less).

Risk of Loss

All investments involve the potential for loss of principal that Clients must be prepared to bear. Investments in equity strategies involve the risk of stock market volatility (including heightened volatility in foreign markets) and the risks associated with changes in the financial position of individual issuers, among others. Investments in fixed income strategies involve the risk of fluctuations in value in response to interest rate changes, credit risk and risk of prepayment or default, among others. Investments in mutual funds and ETFs entail all of the risks inherent the strategies pursued by such funds.

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 your evaluation of AAMA or the integrity of AAMA’s management. AAMA and its employees have no disciplinary information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Sub-advisor Relationships

AAMA uses the services of Suncoast Equity Management, Inc., 5500 Executive Drive, Tampa, FL 33360, a non-affiliated investment adviser; to provide sub-advisory services for certain AAMA clients. AAMA pays Suncoast an investment management fee for providing the services. Clients fully agree in writing to the use of the sub-advisor under this relationship.

In addition, AAMA may serve as a sub-advisor to certain Clients of Suncoast to provide asset management strategies for certain Suncoast’s Clients. AAMA may receive an asset based fee from the outside client for providing asset management strategies. Clients fully agree in writing to the use of the sub-advisor under these relationships.

Strategist Relationships

AAMA serves as a strategist providing asset management strategies to certain registered investment advisers and broker-dealers through unified managed account platforms. AAMA is compensated by the program sponsors of the Strategist Programs based on the assets in such programs. However, for those strategies that are invested in the Affiliated Mutual Funds, AAMA receives an asset-based fee from the Affiliated Mutual Funds recommended to the Strategist Programs but not from the program sponsors. Please see Item 4 for additional information regarding strategist relationships.

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

AAMA has adopted a Code of Ethics for all supervised persons of the Firm describing its standard of business conduct, and fiduciary duty to its clients. AAMA's Code of Ethics is predicated on the principle that AAMA owes a fiduciary duty to its Clients. Accordingly, AAMA's employees must avoid activities, interests and relationships that run contrary to the best interests of Clients. At all times, AAMA must:

- Place Client interests ahead of AAMA's – As a fiduciary, AAMA must serve in its Clients' best interests. In other words, AAMA employees may not benefit at the expense of advisory Clients. This concept is particularly relevant when employees are making personal investments in securities traded by AAMA for advisory Clients.
- Engage in personal investing that is in full compliance with AAMA's Code of Ethics – Employees must review and abide by AAMA's Personal Securities Transaction and Insider Trading Policies.
- Avoid taking advantage of your position – Employees must not accept investment opportunities, or excessive amounts of gifts or other gratuities from individuals seeking to conduct business with AAMA, or on behalf of an advisory Client.
- Maintain full compliance with the Federal Securities Laws – Employees must abide by the standards set forth in Rule 204A-1 under the Investment Advisers Act of 1940.

The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading

procedures, among other things. All supervised persons at AAMA must acknowledge the terms of the Code of Ethics annually, or as amended.

AAMA's employees and persons associated with AAMA are required to follow AAMA's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of AAMA may trade for their own accounts in securities which are recommended to and/or purchased for AAMA Clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of AAMA will not interfere with (i) making decisions in the best interest of advisory Clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially conflict with the best interest of AAMA's Clients. In addition, the Code requires pre-clearance of certain transactions, and restricts trading in close proximity to Client trading activity. While the Code of Ethics anticipates that employees of AAMA may invest in the same securities as clients, the Code of Ethics is designed to prevent conflicts of interest between AAMA and its Clients and to prevent employees of AAMA from benefiting from trading activity in Client accounts. Further, the Code of Ethics requires that employee trading in non-exempt securities is monitored by CCO to identify and remedy potential or actual conflicts.

Certain affiliated accounts may trade in the same securities with Client and Affiliated Mutual Fund accounts on an aggregated basis when consistent with AAMA's obligation of best execution. In such circumstances, the affiliated and Client accounts will share commission costs pro-rata and receive securities at a total average price. AAMA will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

AAMA's Clients or prospective Clients may request a copy of the firm's Code of Ethics by contacting Robert D. Baker, President at 614-726-3622.

It is AAMA's policy that the firm will not affect any principal or agency cross securities transactions with Client or Affiliated Mutual Fund accounts. AAMA will also not cross trades between Client and Affiliated Mutual Fund accounts.

Potential Conflicts of Interest Related to the Strategist Programs

AAMA's model portfolios provided to the Strategist Programs recommend that such Programs invest a fixed percentage of assets in the Affiliated Mutual

Funds. AAMA has an incentive to make such recommendations in that it receives management fees from the Funds. However, AAMA does not exercise discretion over assets in the Strategist Programs and the Programs retain the ability to accept or reject AAMA's investment recommendations. AAMA also does not receive compensation from the sponsors of the Strategist Programs.

AAMA compensates certain Broker-Dealers and certain sponsors of the Strategist Programs for distribution of the Affiliated Mutual Funds. AAMA also compensates certain Strategist Program sponsors for allowing AAMA to participate in meetings and conferences organized by such sponsors.

Item 12 – Brokerage Practices

AAMA does not participate in or use soft dollars from commissions to pay for products and services from outside vendors. Certain broker-dealers may provide AAMA with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act"). The Firm has determined that it would obtain such brokerage and research products and services regardless of the amount of commissions it generates throughout the year. Therefore, AAMA does not believe it is "paying-up" for such products and services.

AAMA may recommend brokers to Clients. Specifically, the Firm may recommend that Clients establish brokerage accounts with National Financial Services LLC, Fidelity Brokerage Services LLC, Schwab, Pershing, Merrill Lynch or other Platforms, collectively "Platforms or Custodians". Factors that are considered in making the suggestion are the size of the Client portfolio, the Client's expected portfolio structure, and the capabilities of the broker to interact efficiently with AAMA when executing, reporting, and clearing trades. Commission rates and other expenses incurred directly by the Client are also considered. AAMA's standard asset management agreement includes language whereby the Client selects a broker-dealer/custodian and directs AAMA to execute trades through that specific broker, which is normally the same as the Custodian selected by the Client.

The Platforms or Custodians maintain custody of Clients' assets and effect trades for their accounts. The Platforms or Custodians normally provide AAMA with certain services which include research and access to mutual funds that may or may not be generally available to retail investors. The Platforms or Custodians also provide software to AAMA that facilitates trading, security pricing, trade reporting, record keeping and Client reporting. AAMA receives no monetary compensation from any of the Platforms or Custodians or their affiliates. AAMA is independently operated and owned and is not affiliated with any of the trading platforms. The Platforms or Custodians may receive

compensation from mutual funds that are purchased in AAMA's Client accounts.

Schwab, through one of its affiliates Schwab Performance Technologies provides investment management accounting software to AAMA. AAMA pays in hard dollars an annual software fee as determined by Schwab for the investment accounting software.

The Platforms or Custodians may also offer other services intended to help AAMA manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom AAMA may contract directly.

The Platforms or Custodians may charge Account Liquidation/Termination Fees of \$75.00 when a brokerage account is liquidated or terminated. AAMA does not receive any portion of this fee. The fees are outlined and disclosed as part of the new account application used to establish a brokerage account with the Platforms (Custodian). Clients execute the new account application and receive any Platform fee disclosures as part of the new account application.

The Platforms or Custodians or any other broker-dealer selected by the Client generally has a specific list of mutual funds available for purchase with no or limited transaction fees. The specific class of shares of any mutual fund that AAMA selects for its Clients' accounts may have a higher expense ratio than other classes of the same mutual fund that may be available to the Client if purchased directly from the mutual fund management company.

AAMA is fully authorized by its direct Clients to unilaterally determine and direct the execution of portfolio transactions within each Client's specified investment portfolio. A Client may restrict AAMA's discretion by specifying conditions or objectives in their investment guidelines or by providing specific instructions in writing.

Generally, AAMA will execute all transactions with the broker selected by the Client. However, when executing transactions in fixed income or other non-listed securities, AAMA may select different brokers. Fixed income securities are generally purchased from a broker acting as principal on a net basis with no brokerage commission paid by the Client. The factors used to determine whether a different broker should be used to execute transactions in fixed income or non-listed securities may include, but are not limited to; availability

of securities, the net price, the size and timing of the order, the depth of the market, the complexity of the transaction, the broker-dealer's financial responsibility, current market conditions and the broker's ability to efficiently deliver securities to the broker or other custodian selected by the Client. Such securities may also be purchased from underwriters at prices that include underwriting fees.

If a Client directs AAMA to use a specific broker-dealer for all or part of the securities transactions for its account, AAMA will follow the Client's instructions. In this case, the Client is responsible for negotiating the terms and arrangements for the account with that broker-dealer. AAMA will not seek better execution services or prices from other broker-dealers or be able to aggregate such Client's transactions, for execution through other brokers or dealers, with orders for other accounts advised or managed by AAMA. As a result, the Firm may not obtain best execution on behalf of the Client, who may pay materially disparate commissions, greater spreads or other transaction costs, or receive less favorable net prices on transactions for the account than would otherwise be the case.

AAMA generally uses non-affiliated, no-load mutual funds or load funds with the loads waived in managing Client portfolios. Many mutual fund companies have adopted new policies that include the assessment of redemption fees for shares held for short periods of time. Redemption fees normally range between ½% and 2% and generally the minimum holding period is in the range of 30 to 90 days.

Additionally, certain brokers and custodians are assessing similarly-structured "Platform" short term trading fees. While AAMA considers redemption fees when selling mutual fund positions within Client accounts, it is possible that a redemption fee may be incurred. In certain situations AAMA may determine that a particular mutual fund is the best alternative to meet a specific investment objective even though the fund may be subject to short-term redemption fee policies of the mutual fund and or the broker or custodian. AAMA normally holds funds for more than 90 days, which reduces the potential of incurring a redemption fee. However, if market conditions change rapidly and AAMA determines to sell a fund prior to the minimum holding period, redemption fees could be incurred. Additionally, Clients who open new accounts and make deposits to existing accounts, close accounts, or make withdrawals from accounts may incur short term trading fees if the activity occurs at a time that is close enough in time to a decision by the AAMA to buy or sell a particular security. Due to AAMA's investment discipline and investment strategies, taxable Clients may incur realized short and or long-term capital gains. Taxable Clients may be subject to increased tax liabilities from

these events. AAMA does not provide tax planning services to minimize these potential tax liabilities.

AAMA's trade error correction policy specifies that advisory clients are not responsible for the payment of trade errors committed by AAMA in conjunction with the management of client accounts.

Affiliated Mutual Funds

AAMA is responsible for the Affiliated Mutual Funds' portfolio decisions and the placing of the Funds' portfolio transactions. In placing portfolio transactions, AAMA seeks the best qualitative execution, taking into account such factors as price (including the applicable brokerage commission or dealer spread), the execution capability, financial responsibility and responsiveness of the broker or dealer and the brokerage and research services provided by the broker or dealer. AAMA generally seeks favorable prices and commission rates that are reasonable in relation to the benefits received.

All decisions concerning the purchase and sale of securities and the allocation of brokerage commissions on behalf of the Funds are made by AAMA. In selecting broker-dealers to use for such transactions, AAMA will seek to achieve the best overall result for the Funds taking into consideration a range of factors that include not just price, but also the broker's reliability, reputation in the industry, financial standing, infrastructure, research and execution services and ability to accommodate special transaction needs. AAMA will use knowledge of the Funds' circumstances and requirements to determine the factors that AAMA takes into account for the purpose of providing the Funds with "best execution."

Item 13 – Review of Accounts

Members of AAMA's Investment Committee have the authority to make security purchases or sell decisions on behalf of each Client. Investment decisions are made on a committee basis and executed and coordinated by the assigned Portfolio Manager. The Investment Committee conducts daily analysis of the markets and meets formally once a week to review and evaluate the security markets and Client investment positions. Robert D. Baker and Philip A. Voelker are members of the Investment Committee and are also Portfolio Managers. Gavin D'Souza also serves as a Portfolio Manager. AAMA requires a minimum of a college degree, prior investment management experience and/or an in-house training period for portfolio management, marketing, and account

executive personnel. Client accounts are reviewed periodically to ensure their position is consistent with their portfolio investment objective.

Not less frequently than every three months, Clients receive an itemized statement showing funds and securities owned. The reports detail the location of assets (including account numbers at custodians). Custodian statements show all debits, credits, and transactions occurring in the Client's account during the indicated period. Clients receive confirmation of all buy/sell activity directly from the investment vehicles or custodian selected by the Client. Please see Item 15 for information regarding Custody of Client Assets.

Item 14 – Client Referrals and Other Compensation

AAMA manages assets for certain Clients who are introduced to AAMA through Third Party Solicitors. The Solicitor receives a portion of AAMA's management fee as compensation for referring the Client to AAMA and thus the Solicitor has a financial interest in the Client selecting AAMA to manage the Clients' Assets and executing agreements with the AAMA and Solicitor. The amount of the Solicitor's compensation is solely determined by the Solicitor's ability to negotiate a higher management fee with the Client. Solicitor-referred Clients generally pay a higher fee than Clients that engage with AAMA directly. Clients acknowledge the conflict and level of fees received by the Solicitor. Some Solicitors of AAMA may receive general marketing reimbursements from AAMA. The amount and level of reimbursements are determined annually by AAMA.

Item 15 – Custody

AAMA has custody of Clients' assets solely due to our ability to deduct investment management fees directly from your account with a qualified custodian. The qualified custodian sends monthly brokerage account statements along with confirmation statements directly to each Client's address of record. In addition, AAMA sends Clients a quarterly statement and market commentaries. AAMA urges Clients to carefully review such statements and compare such official custodial records to the account statements that AAMA provides. AAMA's statements may vary from the custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

AAMA usually 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. When a Client decides to establish an investment management relationship with AAMA, the following documents are signed by the Client:

- Asset Management Agreement—indicating the terms, fee rate, and other provisions between AAMA and the Client.
- Limited Power of Attorney grants AAMA the ability to buy and sell securities in the Custodial account as referenced in the asset management agreement.
- Custodian New Account Application and disclosure specific to the custodian being utilized.

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

AAMA does not exercise discretion over any of the Strategist Programs. Rather, AAMA provides the program sponsors with its model portfolios and the program sponsors are solely responsible for implementation of AAMA's recommendations.

AAMA exercises its discretionary authority on behalf of the Affiliated Mutual Funds pursuant to management contracts. The management contracts are entered into in accordance with Section 15 of the 1940 Act, and approved and renewed by each fund's Board of Trustees, including the Independent Trustees. In approving the management contracts, the Board of Trustees authorizes by resolution AAMA's ability to exercise discretionary authority, and the management contracts contain the terms and limitations, if any, with regard to the authority granted.

In considering whether to approve or renew the management contracts for a fund, the Board of Trustees considers all factors it believes relevant, including (i) the nature, extent, and quality of the services to be provided to the fund and its shareholders (including the investment performance of the fund); (ii) the competitiveness of the fund's management fee and total expenses; (iii) the total costs of the services to be provided by and the profits to be realized by AAMA from its relationship with the fund; (iv) "fallout benefits," if any, AAMA receives as a result of its relationship with the fund; and (v) the extent to which economies of scale would be realized as the fund grows, and whether fee levels reflect these economies of scale, if any, for the benefit of fund shareholders.

Item 17 – Voting Client Securities

Rule 206(4)-6 under the Investment Advisers Act of 1940 requires every investment adviser to adopt and implement written policies and procedures, reasonably designed to ensure that AAMA votes proxies in the best interest of its clients. The Rule further requires AAMA to provide a concise summary of its proxy voting process and offer to provide copies of the complete proxy voting policy and procedures to Clients upon request. Lastly, the Rule requires that AAMA disclose to Clients how they may obtain information on how AAMA voted their proxies.

AAMA votes proxies for a great majority of its Clients, and therefore has adopted and implemented a *Proxy Voting Policy and Procedures*. Any questions about the Policy should be directed to Robert D. Baker, President or Philip A. Voelker, Chief Investment Officer.

It is the policy of AAMA to vote Client proxies in the interest of maximizing shareholder value. Consideration will be given to both the short and long term implications of the proposal to be voted on when considering the optimal vote. Generally, AAMA votes proxy issues in accordance with management's recommendations, unless the issue appears that it may adversely affect future shareholder value. Any conflicts that arise are handled on a case by case basis. General or specific proxy voting guidelines provided by an advisory Client or its designated agent in writing will supersede this policy. Clients may wish to have their proxies voted by an independent third party or other named fiduciary or agent, at the Client's cost.

Clients may receive a complete copy of AAMA's proxy voting policy and procedures upon written request of AAMA. Additionally, Clients may obtain information on how AAMA voted their specific proxies by making a request in writing to AAMA.

For the Affiliated Mutual Funds, AAMA has the responsibility for voting the proxies, subject to the Board of Trustee's oversight. It is AAMA's policy to vote proxies in a manner that is most economically beneficial to a Fund. When a vote presents a conflict between the interests of Fund shareholders and the interests of AAMA or the Funds' distributor, a special internal review by AAMA's Executive Committee determines the vote. Information regarding how the Funds voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, upon request, by calling 1-800-247-9780 or on the Securities and Exchange Commission's website at <http://www.sec.gov>. It is anticipated that only the AAMA Equity Fund will invest in voting securities.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about AAMA's financial condition. AAMA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.