

Part 2A of Form ADV: Firm Brochure

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This Brochure provides information about the qualifications and business practices of Ashford Investment Management, LLC (“AIM”). If you have any questions about the contents of this Brochure, please contact Jim Plohg at 972-778-9534 or jplohg@ashfordinc.com. The information in this Form ADV Part 2A (“Brochure”) has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration of an investment adviser does not imply any level of skill or training.

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

Item 2 - Material Changes

The date of the last Brochure that was filed with the Securities and Exchange Commission was in March 2019. This Brochure is compiled by AIM to provide Clients with clearly written and meaningful disclosures of its business practices. A summary of certain material changes made to the Brochure since the date of the last filed Brochure is set forth below:

- We updated our regulatory assets under management as of December 31, 2019. See Item 4.
- We provided additional information in other financial industry activities and affiliations. See Item 10.
- We updated disclosures with respect to voting client securities. See Item 17.

In this Item, AIM will periodically identify and discuss material updates to the Brochure. This is intended to inform current and prospective Clients of important developments that may take place in AIM's business practices. All recipients of this Brochure are encouraged to read it carefully in its entirety.

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Item 4 – Advisory Business

AIM is a Delaware limited liability company, formed on July 28, 2014, and is located at 14185 Dallas Parkway, Suite 1100, Dallas, Texas 75254. AIM was originally formed to provide investment advisory services to pooled investment vehicles and separately managed accounts.

The ultimate owner of AIM is Ashford Inc., a Nevada corporation listed on the NYSE American exchange under the symbol “AINC” (“Ashford”). AIM is wholly owned by AIM Management Holdco, LLC, which is wholly owned by Ashford Hospitality Advisors LLC. Ashford owns approximately 99.8% of Ashford Hospitality Advisors, LLC.

AIM currently provides discretionary investment advisory services and management services to one separately managed account (the “Account”). AIM may provide such services to other separately managed accounts (the “SMAs”) or other entities in the future (collectively with the Account and the SMAs, the “Clients”). AIM does not currently recommend or select other investment advisers to manage any portion of the Account. However, the addition of any such investment advisory services will be set forth in an amendment to this Brochure. Direct clients and investors in the Clients are generally expected to be institutional clients, including: banks or thrift institutions; pension or profit-sharing plans; trusts, estates, or charitable organizations; family offices; high-net worth individuals; corporations; and other organizations.

AIM manages the Account in accordance with the investment objectives, strategies, restrictions, and guidelines set forth in the separately managed account agreement with the Account (the “Agreement”). AIM tailors its investment decisions with respect to the Account in accordance with the Agreement. While the Account, through the Agreement, imposes restrictions on the types of securities in which AIM may invest on the Account’s behalf, the Account does not impose any restrictions on AIM’s ability to invest in specific securities. However, other Clients may, in the future, impose restrictions on investment in specific securities or types of securities as mutually agreed in their separately managed account agreements.

AIM does not participate in a wrap fee program.

As of December 31, 2019, AIM manages approximately \$82,401,423 in Client assets on a discretionary basis.

Item 5 - Fees and Compensation

Fees

In consideration of the services provided to the Account, the Account bears all costs and expenses of AIM, including, but not limited to, all costs, expenses and payments for salaries and bonuses; office rent; office supplies; marketing-related expenses; legal and compliance expenses related both to the Account and AIM; consultant’s fees and expenses, including, but not limited to, compliance consultants; all other overhead costs of AIM, including, without limitation, insurance; computer and trading systems, equipment and software; telephone, fax and email systems; research costs and expenses; and any other operating expenses of AIM.

AIM may receive expense reimbursements or other fees in exchange for managing other Clients as negotiated between AIM and each such Client. Fees are negotiable. Once expenses have been

incurred with respect to the Account, AIM sends monthly invoices to the Client or its custodian to be paid by check or other means. However, other Clients may also authorize AIM to deduct fees automatically from their brokerage accounts.

Expenses

Organizational Expenses. The Account shall bear all costs and expenses related to its establishment and ongoing maintenance.

Investment and Operational Expenses. The Account bears all costs and expenses directly related to its investment program, including, but not limited to, all costs, fees and expenses directly related to investments or prospective investments (whether or not consummated) for the Account, including research and due diligence costs related to an investment; brokerage commissions and other execution and transaction costs, interest on, and commitment fees and expenses arising out of, debit balances or borrowings; exchange, clearing and settlement charges; technology-related trading costs, including, but not limited to, order management and accounting systems; fees and expenses of any third-party providers of “back office” and “middle office” services relating to trade settlement; market data and analytics services, including, but not limited to, Bloomberg terminals and data services provided through Bloomberg; travel expenses; appraisal fees; specific expenses incurred in obtaining, maintaining or performing systems, research and other information, including information service subscriptions, utilized with respect to the Account’s investment program, including, without limitation, for portfolio management, valuations and accounting purposes, including the costs of statistics and pricing services, service contracts for quotation equipment and related hardware, software, phone and internet charges; investment banking fees and expenses; borrowing charges on investments sold short; custody fees; and fees of consultants and finders relating to investments or prospective investments of the Account; any withholding, transfer or other taxes imposed on, or payable by, the owner of the Account; and any expenses relating to organizing investment subsidiaries through which investments may be made.

The Account also bears all out-of-pocket costs of its administration, including, but not limited to, any governmental, regulatory, compliance, licensing, filing or registration fees incurred by AIM in compliance with the rules of any self-regulatory organization or any federal, state or local or other applicable laws; to the extent permitted by applicable law, any legal fees and costs (including settlement costs) arising in connection with any litigation or regulatory investigation instituted against AIM in its capacity as such, or otherwise, involving Account activities; the cost of the audit (if any) of the Account; the fees and expenses for financial and tax accounting, bookkeeping and reporting services, and administrative services performance by any person on behalf of the Account; the fees and expenses of AIM’s counsel in connection with advice directly relating to the Account’s legal affairs and tax-related or regulatory-related issues; the costs of any litigation or investigation involving activities of the Account; the costs and fees of any outside appraisers, accountants, administrators, attorneys or other experts engaged by AIM; the costs and expenses associated with meetings with the owner of the Account; the costs associated with maintaining “directors and officers” or similar liability insurance for the benefit of AIM all reasonable costs and expenses associated with reporting and providing information to the owner of the Account; and any costs or expenses of winding up and liquidating the Account.

However, AIM may, in its sole discretion, choose to absorb any such expenses incurred on behalf of the Account.

The expenses paid by any other Client that opens an account with AIM will be negotiated between AIM and such Client.

Prospective investors should review Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for additional information on brokerage.

Neither AIM nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

Item 6 - Performance Based Fees and Side-by-Side Management

Neither AIM nor any of its affiliates receives performance fees, carried interest or other incentive compensation for providing investment advisory services to Clients.

Item 7 - Types of Clients

AIM currently provides investment management services primarily to the Account. AIM may in the future offer investment management services to SMAs and other institutional clients. Investors in the Clients may include banks or thrift institutions; pension or profit-sharing plans; trusts, estates, or charitable organizations; family offices; high-net worth individuals; corporations; and other organizations.

Minimum account size is generally negotiated between AIM and each SMA, but is not typically expected to be any less than \$25,000,000. Any minimums may be waived by AIM in its or its affiliates' discretion.

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

The Account's Investment Strategy

The Account's investment objective is to generate attractive absolute investment returns, through capital appreciation and income, and to minimize volatility by maintaining a portfolio profile of limited and controlled risk exposures.

In addition to equities, equity options, bonds, bank loans and ETFs, the Account may trade derivatives, interest rate derivatives and contracts, currencies, futures, commodities and a variety of other securities or instruments to enhance portfolio exposures, apply portfolio leverage and/or otherwise achieve its investment objective.

General Risk Factors

Investing in securities is inherently risky. An investment in individual securities or in a portfolio of securities could lose money. The investments selected by AIM should be deemed speculative investments and are not intended as a complete investment program. These types of investments are designed for sophisticated investors who fully understand and are capable of bearing the risk of loss of their entire investment. AIM cannot give any guarantee that it will achieve its investment objectives or that any client will receive a return of its investment.

AIM may rely on information that turns out to be wrong. AIM selects investments based, in part, on information provided by issuers to regulators or made directly available to AIM by the issuers or other sources. AIM is not always able to confirm the completeness or accuracy of such information, and in some cases, complete and accurate information is not available. Incorrect or incomplete information increases risk and could result in losses.

Investment Risk Factors

Investment Judgment; Market Risk. The profitability of a significant portion of the Account's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that AIM will be able to predict accurately these price movements. With respect to the investment strategy utilized by the Account, there is always some, and occasionally a significant, degree of market risk.

Dependence on Key Individuals. The owner of the Account has no authority to make investment decisions on behalf of the Account. The success of the Account is dependent upon the expertise of several key employees of AIM to develop and implement investment strategies that achieve the Account's investment objective. If the Account were to lose the services of some or all of such employees, the Account may be adversely affected.

Retention and Motivation of Key Employees. The performance of the Account is largely dependent on the talents and efforts of highly skilled individuals employed by AIM. The success of the Account depends on AIM's ability to identify and willingness to provide acceptable compensation to attract, retain and motivate talented investment professionals and other employees. There can be no assurance that AIM's investment professionals will continue to be associated with AIM throughout the life of the Account, and the failure to attract or retain such investment professionals could have a material adverse effect on the Account. Competition in the financial services industry for qualified employees is intense and there is no guarantee that the talents of AIM's investment professionals could be replaced.

Recent Developments in the Financial Services Industry. Recent developments in the U.S. financial markets illustrate that the current environment is one of extraordinary and possibly unprecedented uncertainty for the financial services industry. In July of 2010, the Dodd-Frank Financial Reform Act was passed which imposes many new requirements and restrictions on the financial services industry that may likely affect the business, operations and performance of alternative investments, such as increased reporting requirements, limitations on certain trading activity and regulatory oversight by different agencies, such as the newly created Financial Stability Oversight Counsel. The implications of the passage of the Dodd-Frank Financial Reform Act for the alternative investment industry as a whole still remain somewhat unclear. The alternative investment industry may continue to be adversely affected by the recent developments in the financial markets in the U.S. and abroad, and any future legal, regulatory or governmental action and developments in such financial markets and the broader U.S. economy could have an adverse effect on the Account's business, operations and performance.

Systems Risks. The Account depends on AIM to develop and implement appropriate systems for the Account's activities. Any defect or failure of these systems could have a material adverse effect on the Account. For example, such failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades and cause inaccurate reports, which may affect the Account's ability to monitor its investment portfolio and its risks.

Options. The Account anticipates investing in options, which can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (*i.e.*, the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (*i.e.*, sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

Put and Call Options on Specific Investments. The Account may purchase exchange-listed and over-the-counter put and call options on specific investments. In addition, the Account may write and sell covered or uncovered call and put option contracts. A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying investments at a stated exercise price at any time prior to the expiration of the option. Similarly, a put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying investments at a stated exercise price at any time prior to the expiration of the option. Options written by the Account may be wholly or partially covered (meaning that the Account holds an offsetting position) or uncovered. Options on specific investments may be used by the Account to seek enhanced profits with respect to a particular security. Alternatively, they may be used for various defensive or hedging purposes. For example, they may be used to protect against a future adverse change in the market price of particular portfolio investments held by the Account without requiring a sale of the investments.

Use of put and call options may result in losses to the Account, force the sale or purchase of portfolio investments at inopportune times or for prices higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation the Account can realize on its investments or cause the Account to hold an investment it might otherwise sell. For example, a decline in the market price of a particular investment could result in a complete loss of the amount expended by the Account to purchase a call option (equal to the premium paid for the option and any associated transaction charges). An adverse price movement may result in unanticipated losses with respect to covered options sold by the Account. The use of uncovered option writing techniques may entail greater risks of potential loss to the Account than other forms of options transactions. For example, a rise in the market price of the underlying investment will result in the Account realizing a loss on the calls written, which would not be offset by the increase in the value of the underlying investments to the extent the call option position was uncovered.

Equity Securities. The Account may invest in equity and equity-related securities of U.S. and non-U.S. companies. Equity securities fluctuate in value in response to many factors, including the activities, results of operations and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments. In addition, events such as domestic and international political instability, terrorism and natural disasters may be unforeseeable and contribute to market volatility in ways that may adversely affect investments made by the Account.

Exchange Traded Funds and Other Similar Instruments. Shares of exchange traded funds ("*ETFs*") and other similar instruments may be purchased or sold short by the Account. An ETF is an

investment company that is registered under the Investment Company Act of 1940, as amended (the “*Investment Company Act*”), that holds a portfolio of common stocks designed to track the performance of a particular index. ETFs sell and redeem their shares at net asset value in large blocks (typically 50,000 of its shares) called “creation units.” Shares representing fractional interests in these creation units are listed for trading on national securities exchanges and can be purchased and sold in the secondary market in lots of any size at any time during the trading day.

Instruments the Account may purchase that are similar to ETFs represent beneficial ownership interests in specific “baskets” of stocks of companies within a particular industry sector or group. These securities may also be listed on national securities exchanges and purchased and sold in the secondary market, but unlike ETFs, are not registered as investment companies under the Investment Company Act. Investments in ETFs and other instruments involve certain inherent risks generally associated with investments in a broadly-based portfolio of stocks including the risk that the general level of stock prices may decline, thereby adversely affecting the value of each unit of the ETF or other instrument. In addition, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or number of stocks held. Because ETFs and pools that issue similar instruments bear various fees and expenses, the Account’s investment in these instruments will involve certain indirect costs, as well as transaction costs, such as brokerage commissions. AIM considers the expenses associated with an investment in determining whether to invest in an ETF or other instrument.

Costs Associated with ETF Investments. Investment managers of mutual funds and ETFs selected by AIM will generally be entitled to a fee based on net assets under management. Any such fees charged by an investment manager of a mutual fund or ETF in which the Account invests are in addition to AIM’s expenses reimbursed by the Account and will reduce the Account’s assets accordingly.

High Yield, Low or Unrated Securities. The Account may invest in “high yield” bonds and preferred stock or low or unrated debt securities which are unrated or rated in the lower categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower categories are subject to greater risk of loss of principal and interest than higher-rated securities, and are generally considered to be predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration or general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those of higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

Credit Risk. The Account may invest in bonds and other fixed income assets, including commercial paper and “higher yielding” (and, therefore, higher risk) debt securities. Such securities may be below “investment grade” and face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer’s inability to meet timely interest and principal payments. The market values of lower rated debt securities tend to reflect individual corporate developments to a greater extent than do higher rated securities, and tend to be more sensitive to economic conditions than are higher rated securities. Companies that issue such securities often are

highly leveraged and may not have available to them more traditional methods of financing. A major economic recession could severely disrupt the market for such securities and may have an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

Short Sales. The Account may enter into transactions, known as “short sales,” in which each one sells a security it does not own in anticipation of a decline in the market value of the security. Short sales by the Account that are not made “against the box” theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. The Account may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, the Account might have difficulty purchasing securities to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales.

Derivatives. Derivative instruments, or “derivatives,” include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, interest rates, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. For example, the Account may enter into interest rate swaps and similar transactions primarily as a means of hedging its own borrowing against fluctuations in interest rates or preserving or enhancing a return or spread on a particular investment or portion of its portfolio. The Account may enter into interest rate swaps on either an asset-based or liability-based basis, depending on whether it is hedging its assets or its liabilities. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Account to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom the Account contracts for the purpose of making derivative investments (the “*Counterparty*”). In the event of the Counterparty’s default, the Account will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive.

Futures Contracts. A portion of the Account’s capital may be invested in futures contracts. Futures prices are highly volatile. Because of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the investor. Like other leveraged investments, any purchase or sale of a futures contract may result in losses in excess of the amount invested.

Trading in Currencies. The Account is exposed in the interbank market to risks associated with any government or market action that might suspend or restrict trading or otherwise render illiquid, in whole or in part, the Account’s position. The Account may trade currencies and securities only in

interbank and forward contract markets which AIM believes to be well-established and of recognized standing, and AIM effects such trades only with banks, brokers, dealers, financial institutions and other market participants which AIM believes to be creditworthy.

Currency and Exchange Rate Risks. The Account may invest in securities denominated in currencies other than the U.S. Dollar or in securities which are determined with references to currencies other than the U.S. Dollar. The Account, however, will generally value its assets in U.S. Dollars. To the extent unhedged, the value of the Account's assets will fluctuate with U.S. Dollar exchange rates as well as with price changes of their investments in the various local markets and currencies. Thus, an increase in the value of the U.S. Dollar compared to the other currencies in which the Account may make investments will reduce the effect of increases and magnify the U.S. Dollar equivalent of the effect of decreases in the prices of the Account's securities in their local markets. Conversely, a decrease in the value of the U.S. Dollar will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of the Account's non-U.S. Dollar securities. The Account may also utilize forward currency contracts and options to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

Investments in Real Estate-Related Investments Generally. The Account may invest in real estate-related investments. The performance of such investments will be inherently linked to the value of the real estate from which they derive their inherent value. Accordingly, all of the risks which apply in respect of direct real estate may, to varying degrees, impact the value of the Account's real estate-related investments.

Investments in Real Estate Generally. The Account may be subject to certain risks associated with the ownership of real estate-related assets and the real estate industry in general, including: the burdens of direct or indirect ownership of real property; local, national and international economic conditions; the supply and demand for properties; the financial condition of tenants, buyers and sellers of properties; changes in interest rates and the availability of mortgage financing which may render the sale or refinancing of properties difficult or impracticable; changes in environmental laws and regulations, planning laws and other governmental rules and fiscal and monetary policies; environmental claims arising in respect of properties acquired with undisclosed or unknown environmental problems or as to which inadequate reserves have been established; changes in real property tax rates; changes in energy prices; negative developments in the economy that depress travel activity; uninsured casualties; *force majeure* acts, terrorist events, under-insured or uninsurable losses; and other factors which are beyond the reasonable control of the Account and AIM. In addition, as recent experience has demonstrated, real estate assets are subject to long-term cyclical trends that give rise to significant volatility in values.

Many of these factors could cause fluctuations in occupancy rates, rent schedules or operating expenses, causing the value of the Account's investments to decline and negatively affect the Account's returns. The value of the Account's investments may fluctuate significantly due to these factors and may be significantly diminished in the event of a sudden downward market for real estate and real estate-related assets. The returns available from investments depend on the amount of income earned and capital appreciation generated by the relevant underlying properties, as well as expenses incurred in connection therewith. If properties do not generate income sufficient to meet operating expenses, including amounts owed under any third-party borrowings and capital expenditures, the Account's returns will be adversely affected. In addition, the cost of complying with governmental laws and regulations and the cost and availability of third-party borrowings may also affect the market value of and returns from the investments.

Real Estate Investment Trusts. The Account may make investments in real estate investment trusts (“REITs”). REITs often own real estate directly and the income they earn depends upon the income of the underlying properties and the rental income they earn. The values of securities issued by REITs are affected by tax and regulatory requirements and by perceptions of management skill. They also are subject to heavy cash flow dependency, defaults by borrowers or tenants, self-liquidation and the possibility of failing to qualify for the tax-preferred status afforded to REITs under the Internal Revenue Code of 1986, as amended (the “Code”), or to maintain exemption from the Investment Company Act. Investing in REITs involves certain unique risks in addition to those risks associated with investing in the real estate industry in general and may be affected by changes in the value of the underlying properties it owns. REITs are generally dependent upon maintaining cash flows to repay borrowings and to make distributions to shareholders and are subject to the risk of default by lessees or borrowers. REITs whose underlying assets are concentrated in properties used by a particular industry, such as health care, are also subject to risks associated with such industry. Finally, REITs are also subject to interest rate risks, often have limited financial resources and, if publicly traded, may trade less frequently and in a limited volume and may be subject to more abrupt or erratic price movements than larger company securities. REITs also must satisfy a number of organizational and operational tests to qualify as REITs under the Code.

Interest Rate Risk. The value of the fixed-rate securities in which the Account may invest generally will have an inverse relationship with interest rates. Accordingly, if interest rates rise the value of such securities may decline. In addition, to the extent that the receivables or loans underlying specific securities are pre-payable without penalty or premium, the value of such securities may be negatively affected by increasing prepayments, which generally occur when interest rates decline.

Illiquidity. The investments made by the Account may be illiquid, and consequently the Account may not be able to sell such investments at prices that reflect AIM’s assessment of their value or the amount paid for such investments by the Account. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale by the Account and other factors. Furthermore, the nature of the Account’s investments, especially those in financially distressed companies, may require a long holding period prior to profitability.

Forward Contracts. AIM may trade in spot and forward contracts on behalf of the Account. Such spot and forward trading may involve less protection against defaults than trading on exchanges. There is generally no limitation on price moves, and such trading is subject to the risk of bank or dealer failure or inability or refusal to perform with respect to such contracts. Due to these and other factors, the trading of forward contracts on foreign currencies may thus involve greater risks than trading of futures contracts on exchanges.

Foreign Securities. Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the Account are maintained) and the various foreign currencies in which the Account’s portfolio securities will be denominated and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; (iv) imposition of foreign income, withholding or other taxes; and (v) the extension of credit, especially in the case of sovereign debt.

Defaulted Securities. The Account may invest in the securities of companies involved in bankruptcy proceedings, reorganizations and financial restructurings, and may have a more active participation in the affairs of the issuer than is generally assumed by an investor. This may subject the Account to litigation risks or prevent the Account from disposing of securities. In a bankruptcy or other proceeding, the Account as a creditor may be unable to enforce its rights in any collateral or may have its security interest in any collateral challenged, disallowed or subordinated to the claims of other creditors. While the Account will attempt to avoid taking the types of actions that would lead to equitable subordination or creditor liability, there can be no assurance that such claims will not be asserted or that the Account will be able to successfully defend against them.

Investments in Undervalued Assets. The Account may invest in undervalued assets. The identification of investment opportunities in undervalued assets is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued assets offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Account's investments may not adequately compensate its owner for the business and financial risks assumed.

The Account may be forced to sell, at a substantial loss, assets that are not, in fact, undervalued. In addition, the Account may be required to hold such assets for a substantial period of time before realizing their anticipated value. During this period, a portion of the Account's assets would be committed to the investments purchased, possibly preventing the Account from investing in other opportunities. In addition, the Account may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

Convertible Instruments. The Account may invest in convertible instruments. A convertible instrument is a bond, debenture, note, preferred stock or other security that may be converted into or exchanged for a prescribed amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. Convertible debt instruments have characteristics of both fixed income and equity investments. The Account may invest in convertible instruments that have varying conversion values. If a convertible instrument held by the Account is called for redemption, the Account will be required to permit the issuer to redeem the instrument, or convert it into the underlying stock, and will hold the stock to the extent that AIM determines that such equity investment is consistent with the investment objective of the Account.

Leverage. Subject to applicable margin and other limitations, the Account may borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the Account's portfolio would be amplified. Interest on borrowings will be a portfolio expense of the Account and will affect the operating results of the Account. Also, the Account could potentially create leverage via the use of instruments such as options and other derivative instruments.

Initial Public Offerings. The Account may purchase securities of companies in initial public offerings or shortly thereafter. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company and limited operating history. These factors may contribute to substantial price volatility for the shares of these companies. The limited number of shares available for trading in some initial public offerings may make it more difficult for the Account to buy or sell significant amounts of shares without an

unfavorable impact on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

Index Contracts. The Account may, but is not required to, utilize various other instruments to seek a hedge against the risk of changes in the level of prices of broad market averages or indices, as well as narrower indices or baskets of securities. These hedging strategies may be executed through the use of exchange-traded equity index options or futures contracts or options thereon, standardized or individually negotiated over-the-counter contracts or other forms of derivative contracts (collectively, “*Index Contracts*”).

Index Contracts have risks associated with them including possible default by the other party to the transaction, illiquidity and, to the extent AIM’s views as to certain market movements is incorrect, the risk that the use of Index Contracts could result in losses greater than if they had not been used. Moreover, the lack of complete correlation between price movements of Index Contracts and price movements in the Account’s portfolio creates the possibility that losses in the value of such portfolio may be greater than the gain on the hedging instrument (or that a gain in the Account’s portfolio position may be less than the loss on the hedging instrument). In addition, futures and options markets may not be liquid in all circumstances and certain over-the-counter Index Contracts may have no markets. As a result, in certain markets, the Account might not be able to close out a transaction without incurring substantial losses, if at all. Although the successful use of Index Contracts for hedging should tend to reduce the risk of loss due to a decline in the value of the hedged position, at the same time such transactions would tend to limit any potential gain which might result from an increase in value of such position.

Risks of Investments Generally. All investments risk the loss of capital. Such investments are subject to investment-specific price fluctuations as well as to macro-economic, market and industry-specific conditions, including, but not limited to, national and international economic conditions, domestic and international financial policies and performance, conditions affecting particular investments such as the financial viability, sales and product lines of corporate issuers, national and international politics and governmental events, and changes in income tax laws. No guarantee or representation is made that the Account’s investment program will be successful. The Account’s investment program involves, without limitation, risks associated with limited diversification and concentration, investments in speculative assets and the use of speculative investment strategies and techniques, interest rates, volatility, tracking risks in hedged positions, credit deterioration or default risks, systems risks and other risks inherent in the Account’s activities. Certain investment techniques of the Account can, in certain circumstances, magnify the impact of adverse market moves to which the Account may be subject. In addition, the Account’s investments may be materially affected by conditions in real estate markets, the financial markets and overall economic conditions occurring globally and in particular markets where the Account may invest its assets.

The Account’s methods of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

Nature of Non-Performing Debt. It is anticipated that certain debt instruments purchased by AIM for the Account may be non-performing and possibly in default. In addition, these positions are expected to be non-control positions in such debt and the Account will be dependent on actions of unrelated third parties. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to these loans.

Contingent Liabilities. From time to time, the Account may incur contingent liabilities in connection with an investment. For example, the Account may purchase from a lender a revolving credit facility that has not yet been fully drawn. If the borrower subsequently draws down on the facility, the Account would be obligated to fund the amounts due. The Account may also enter into agreements pursuant to which it agrees to assume responsibility for default risk presented by a third party, and may, on the other hand, enter into agreements through which third parties offer default protection to the Account.

Purchases of Securities and other Obligations of Financially Distressed Companies. The Account may invest in securities or other obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These securities and other obligations are likely to be particularly risky investments, although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate, recharacterize debt as equity or disenfranchise particular claims. Such companies' obligations may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to the Account's investments in any asset, and a significant portion of the obligations in which the Account invests may be less than investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that value of the assets collateralizing the Account's investments will be sufficient or that prospects for a successful reorganization or similar action will become available. In any reorganization or liquidation proceeding relating to a company in which the Account invests, the Account may lose its entire investment, may be required to accept cash or securities with a value less than its original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Account's investments may not compensate its owner adequately for the risks assumed. In addition, under certain circumstances, payments and distributions may be disgorged if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Account of the security in respect to which such distribution was made.

In certain transactions, the Account may not be “hedged” against market fluctuations, or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated.

Global Investments. The Account may invest a portion of its portfolios in securities of issuers located outside of the United States. In addition to business uncertainties, such investments may be affected by political, social and economic uncertainty affecting a country or region. Many financial markets are not as developed or as efficient as those in the United States, and as a result, liquidity may be reduced, and price volatility may be higher. The legal and regulatory environment may also be different, particularly as to bankruptcy and reorganization. Financial accounting standards and practices may differ, and there may be less publicly available information in respect of such non-U.S. issuers.

Furthermore, some of the securities may be subject to brokerage taxes levied by governments, which has the effect of increasing the cost of such investments and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Income received by the Account from sources within some countries may be reduced by withholding and other taxes imposed by such countries. Any such taxes paid by the Account will reduce its net income or return from such investments.

In addition, the Account may invest in securities, obligations and other instruments of foreign companies. Investing in non-U.S. companies involves certain considerations not usually associated with investing in United States companies, including the following: (i) political or economic instability; (ii) the unpredictability of international trade patterns; (iii) the possibility of non-U.S. governmental actions such as expropriation, nationalization or confiscatory taxation; (iv) the imposition or modification of exchange controls; (v) price volatility; (vi) the imposition of withholding taxes on dividends, interest and gains; (vii) fluctuations in currency exchange rates; and (viii) different bankruptcy laws and customs. Also, it may be more difficult to obtain and enforce legal judgments against non-U.S. entities than against domestic entities. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect the Account’s performance. Greater tax risks and complexities also may be associated with these investments. The Account is not obligated to engage in any currency hedging operations and there can be no assurance as to the success of any hedging operations that the Account may implement.

Accounting Standards. Investments may be made in countries where generally accepted accounting standards and practices differ significantly from those practiced in the United States. The evaluation of potential investments and the ability to perform due diligence may be affected. The financial information appearing on the financial statements of a company operating in one or more European countries may not reflect its financial position or results of operations in the way they would be reflected if the financial statements had been prepared in accordance with accounting principles generally accepted in the United States of America.

Legal Infrastructure. Investment in non-U.S. securities involves considerations and possible risks not typically involved with investment in the securities of U.S. issuers, including changes in applicable laws, changes in governmental administration or economic or monetary policy (in the United States or elsewhere) or changed circumstances in dealings between nations. The application of non-U.S. tax laws (e.g., the imposition of withholding taxes on dividend or interest payments) may also affect

investment in non-U.S. securities. Higher expenses may result from investment in non-U.S. securities than would result from investment in U.S. securities because of the costs that must be incurred in connection with conversions between various currencies and non-U.S. brokerage commissions that may be higher than in the United States. Non-U.S. securities markets also may be less liquid and more volatile.

Laws and regulations, particularly those concerning foreign investment and taxation, can change quickly and unpredictably. Inconsistencies and discrepancies among the vast number of local, regional and national laws, the lack of judicial or legislative guidance on unclear or conflicting laws and broad discretion on the part of government authorities implementing the laws produce additional legal uncertainties. The burden of complying with conflict laws may have an adverse impact on the operations of the Account.

Bankruptcy Claims. The Account may invest in bankruptcy claims, which are amounts owed to creditors of companies in financial difficulty. Bankruptcy claims are illiquid and generally do not pay interest and there can be no guarantee that the debtor will ever be able to satisfy the obligation on the bankruptcy claim. The markets in bankruptcy claims are not generally regulated by Federal securities laws or the Securities Exchange Commission. Because bankruptcy claims are frequently unsecured, holders of such claims may have a lower priority in terms of payment than certain other creditors in a bankruptcy proceeding. In addition, under certain circumstances, payments and distributions may be reclaimed if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

Risks Associated with Bankruptcy Cases. Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions, which may be contrary to the interests of the Account. Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and functional operating control of a debtor.

Generally, the duration of a bankruptcy case can only be roughly estimated. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, plan approval by creditors and confirmation by the bankruptcy court. This process can involve substantial legal, professional and administrative costs to the company and the Account; it is subject to unpredictable and lengthy delays; and during the process, the company's competitive position may erode, key management may depart and the company may not be able to invest adequately. The debt of companies in financial reorganization will, in most cases, not pay current interest, may not accrue interest during reorganization and may be adversely affected by an erosion of the issuer's fundamental values. Such investments can result in a total loss of principal.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the Account's influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be quite high.

AIM, on behalf of the Account, may elect to serve on creditors' committees, equity holders' committees or other groups to ensure preservation or enhancement of the Account's positions as a creditor or equity holder. A member of any such committee or group may owe certain obligations generally to all parties similarly situated that the committee represents. If AIM concludes that its obligations owed to the other parties as a committee or group member conflict with its duties owed to the Account, it may resign from that committee or group, and in such case the Account may not realize the benefits, if any, of participation on the committee or group. In addition and also as discussed above, if the Account is represented on a committee or group, it may be restricted or prohibited under applicable law from disposing of or increasing its investments in such company while it continues to be represented on such committee or group.

The Account may purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser.

Reorganizations can be contentious and adversarial. It is by no means unusual for participants to use the threat of, as well as actual, litigation as a negotiating technique. AIM anticipates that during the term of the Account, AIM, the Account and perhaps the Account's owner may be named as defendants in civil proceedings. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Account and would reduce net assets.

Investment in the debt of financially distressed companies domiciled outside the United States involves additional risks, including those risks discussed above. Insolvency and bankruptcy laws and processes may also differ substantially from those in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. The procedural and substantive provisions of certain European insolvency laws generally are more favorable to secured creditors than comparable provisions of U.S. law and afford debtors and unsecured creditors only limited protection from secured creditors.

Equitable Subordination. Under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called "equitable subordination"). The Account does not intend to engage in conduct that would form the basis for a successful cause of action based upon the equitable subordination doctrine; however, because of the nature of the debt obligations, the Account may be subject to claims from creditors of an obligor that debt obligations of such obligor which are held by the issuer should be equitably subordinated.

Bank Loans. The Account's investment program may include secondary market investments in bank loans and participations. These obligations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights

laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the Account to directly enforce its rights with respect to participations. In analyzing each bank loan or participation, AIM compares the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by the Account. Bank loans subject to the laws of certain European jurisdictions may be subject to different risks, which may or may not be material.

Credit Default Swaps. The Account may enter into credit derivative contracts such as credit default swap (“CDS”), loan credit default swap (“LCDS”), credit default swap index (“CDX”) and loan credit default swap index (“LCDX”) contracts. The typical CDS and LCDS contract requires the seller to pay to the buyer, in the event that a particular reference entity experiences specified credit events, the difference between the notional amount of the contract and the value of a portfolio of securities or loans issued by the reference entity that the buyer delivers to the seller. In return, the buyer agrees to make periodic and/or upfront payments equal to a fixed percentage of the notional amount of the contract. The Account may also purchase or sell credit default swaps on a basket of reference entities or an index that is CDX and LCDX contracts. In circumstances in which the Account does not own the debt or loans that are deliverable under a credit default swap, the Account will be exposed to the risk that deliverable securities or loans will not be available in the market, or will be available only at unfavorable prices, as would be the case in a so-called “short squeeze.” In certain instances of issuer defaults or restructurings, it has been unclear under the standard industry documentation for credit default swaps whether or not a “credit event” triggering the seller’s payment obligation had occurred. In either of these cases, the Account would not be able to realize the full value of the credit default swap upon a default by the reference entity. As a seller of credit default swaps, the Account incurs leveraged exposure to the credit of the reference entity and is subject to many of the same risks it would incur if it were holding debt securities or loans issued by the reference entity; however, the Account will not have any legal recourse against the reference entity and will not benefit from any collateral securing the reference entity’s debt obligations. In addition, the credit default swap buyer will have broad discretion to select which of the reference entity’s debt obligations to deliver to the Account following a credit event and will likely choose the obligations with the lowest market value in order to maximize the payment obligations of the Account. Given the recent sharp increases in volume of credit derivatives trading in the market, settlement of such contracts may also be delayed beyond the time frame originally anticipated by counterparties. Such delays may adversely impact the Account’s ability to otherwise productively deploy any capital that is committed with respect to such contracts.

Hedging/Derivative Instruments. The Account may use derivative securities, including without limitation, futures, swaps, options and total return swaps, primarily for leveraging and hedging purposes. The use of derivative instruments involves a variety of material risks, including the high degree of leverage often embedded in such instruments and the possibility of counterparty nonperformance as well as of material and prolonged deviations between the actual and the theoretical value of a derivative (*i.e.*, nonconformance to anticipated or historical correlation patterns). In addition, the markets for certain derivatives are frequently characterized by limited liquidity, which can make it difficult as well as costly to the Account to close out positions in order either to realize gains or to limit losses. Many of the derivatives which the Account may trade will be principal to principal or “over the counter” contracts between the Account and third parties entered into privately, rather than on an exchange. As a result, the Account in such instances is not afforded the regulatory and financial protections of an exchange or its clearinghouse (or of the government regulator that oversees such exchange and clearinghouse). In privately negotiated transactions, the

risk of the negotiated price deviating materially from fair value is substantial, particularly when there is no active market available from which to derive benchmark prices.

Any derivatives are valued on the basis of dealers' pricing of these instruments. However, the price at which dealers value a particular derivative and the price that the same dealers would actually be willing to pay for such derivative should the Account wish or be forced to sell may be materially different. Such differences can result in an overstatement of the Account's net assets and could materially adversely affect the Account in situations in which the Account is required to sell derivative instruments.

Trading and Investing Vehicles. The Account may affect certain investments through limited partnerships, limited liability companies, corporations or other vehicles sponsored or managed by AIM or third parties. Such investments may be effected through the purchase of debt, warrants or other investments of issuers, the equity of which is owned by AIM. A creditor having a claim that relates to a particular investment held by any such vehicle may be able to satisfy such claim against all assets of such vehicle, without regard to the participation rights of the Account and other investors of such vehicle in the assets of such vehicle.

Uncertain Exit Strategies. Due to the illiquid nature of some of the positions which the Account may acquire, as well as the uncertainties of the reorganization and active management process, AIM is unable to predict with confidence what the exit strategy will ultimately be for any given investment, or that one will definitely be available. Exit strategies which appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.

Investment Authority. Substantially all decisions with respect to the investment of the Account are made by AIM. The Account's owner has no right or power to take part in the investment of the Account. In the event of the withdrawal or bankruptcy of AIM, generally the Account will be liquidated.

Diversification. Since the Account's portfolio will not necessarily be diversified and may be concentrated in certain security types and/or industries, the investment portfolio of the Account may be subject to more rapid changes in value than would be the case if the Account were required to maintain a diversification among companies, securities and types of securities and industries.

Concentration of Holdings. At any given time, it is possible that AIM may select positions that are concentrated in a particular market or industry, or in a limited number or type of securities. Limited diversity could expose the Account to losses disproportionate to general market movements if there are disproportionately greater adverse price movements in those positions.

Valuations. From time to time, certain situations affecting the valuation of the Account's investments (such as limited liquidity, unavailability or unreliability of third-party pricing information and acts or omissions of service providers to the Account) could have an impact on the net asset value of the Account, particularly if prior judgments as to the appropriate valuation of an investment should later prove to be incorrect after a net asset value-related calculation or transaction is completed.

Non-Public Information. From time to time, AIM or its affiliates may come into possession of non-public information concerning specific companies. Under applicable securities laws, this may limit AIM's flexibility to buy or sell portfolio securities issued by such companies that it may otherwise

have been able to absent such non-public information. The Account's investment flexibility may be constrained as a consequence of AIM's inability to use such information for investment purposes.

Specifically, Ashford, as well as certain shared employees of Ashford and AIM and their affiliates, may come into possession of material non-public information concerning specific companies and/or the hospitality industry through Ashford's role as an advisor to Ashford Hospitality Trust, Inc. and Ashford Hospitality Prime, Inc. In addition, through shared operations and administrative support, employees of AIM might inadvertently learn of material non-public information concerning such companies or the industry. In the event of receipt by Ashford or such employees, AIM, as affiliates of Ashford, may be subject to restrictions on trading based on such information that would otherwise not exist absent such relationship or inadvertent disclosure.

Information Sources. AIM may select investments based in part on information and data that is internally generated or from other third-party sources. AIM is not always in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not readily available.

Trade Errors. AIM, on behalf of the Account, may from time to time make trade errors. Trade errors are not errors in judgment, strategy, market analysis, economic outlook or the like, but rather errors in implementing specific trades which AIM has determined (rightly or wrongly) to make. Some examples of trade errors would be: buying 10,000 shares of an issue, rather than the 1,000 shares that was intended; or taking a long, rather than the intended short, position in a particular issue. Trade errors can result from clerical mistakes, miscommunications between AIM's personnel and other reasons. Importantly, however, trade errors are not the function of poor strategies, valuation models, economic expectations, undue speculation, unauthorized trades or the like, but rather of the physical implementation of specific trades on which AIM had decided. AIM will determine whether to have the costs arising from trade errors borne by the Account or AIM by applying the pertinent standard of liability for AIM in its management of the Account's capital — i.e., the same standard of liability which would apply to any other action or omission by AIM in the course of such management. AIM will, accordingly, be obligated to reimburse the Account for any trade error resulting from AIM's willful misconduct, bad faith or gross negligence, and not otherwise. AIM will itself determine in good faith whether or not a given trade error is required to be reimbursed under the general liability and exculpation standards applicable to the Account. AIM has a conflict of interest in determining whether a trade error should be for the account of the Account or AIM and will attempt to resolve such conflict by an objective determination of the status of such trade error under the applicable liability standard. Trade error costs can be significant — including market losses resulting from the position incorrectly acquired as well as the additional brokerage costs of closing out or reversing the error. The opportunity cost (lost profits) of not having made the trade intended to be made is not considered a trade error cost. Any gains recognized on trade errors will be for the benefit of the Account; none will be retained by AIM.

Soft Dollars. AIM may enter into "soft dollar" arrangements with one or more broker-dealers whereby AIM will direct securities transactions to the broker-dealer in return for research and research-related products and services from the broker-dealer. The Account will generally pay more than the lowest available commissions for execution of these transactions.

Absence of Registration. The Account has not and will not register under the Investment Company Act. Accordingly, the provisions of the Investment Company Act which, among other things, require that a fund's board of directors, including a majority of disinterested directors, approve certain of the

fund's activities and contractual relationships, prohibit certain trading and investment activities and prohibit the fund from engaging in certain transactions with its affiliates, will not be applicable. AIM is not registered as a commodity pool operator with the National Futures Association because it does not manage a pooled investment vehicle and is not registered as a commodity trading advisor with the National Futures Association in reliance on an exemption under Section 4(m) of the U.S. Commodity Exchange Act, as amended (the "CEA"), offered to advisers that have fewer than fifteen clients. Accordingly, the provisions of the CEA and the regulations promulgated thereunder applicable to registered persons will not be applicable to AIM.

Broker Insolvency Risk. Transactions entered into by the Account may be executed on various U.S. and non-U.S. exchanges, and may be cleared and settled through various clearing houses, custodians, depositories, broker-dealers and prime brokers throughout the world. While U.S. rules and regulations applicable to these brokers may offer significant protections to the assets of their clients if one of them were to become insolvent, the assets of the Account held at such broker could be at risk. For example, while brokers are required to segregate client assets from their proprietary assets and are required to hold specified amounts of capital in reserve, client assets are normally held in pooled client accounts for the benefit of all clients and not specifically in the name of the Account. Additionally, the broker may be able to transfer client assets out of such client accounts in the ordinary course of its business. The Account could experience losses if the clients' aggregate claims exceeded the amount of client assets such broker actually held at the time of the insolvency. In addition, while the return of client property is designed to occur on an expedited basis (usually by transfer of the accounts to a solvent broker), the Account may be unable to trade the securities that were held by the insolvent broker during this transfer period.

The assets of the Account also may be held by non-U.S. brokers. Although certain non-U.S. jurisdictions provide similar protections to client assets, there can be no assurance that the Account will not experience losses in any insolvency of such a non-U.S. broker. The Account will attempt to execute, clear and settle transactions through entities that AIM believes to be sound, but there can be no assurance that a failure by any such entity will not lead to a loss to the Account. In addition, the Securities and Exchange Commission, other regulators, self-regulatory organizations and exchanges in the United States and other countries are authorized to take extraordinary actions in the event of market emergencies. Such actions could lead to Account loss as a result of delay in settling transactions or other circumstances.

Valuation of Assets; Investment Manager Bias. AIM will value the assets and liabilities of the Account in good faith in accordance with the Account's valuation policies.

To the extent that the Account invests in private securities or restricted securities, the valuation of such securities will be determined by AIM, and such valuation will be final and conclusive as to all parties. There is no guarantee that the value determined by AIM will represent the value that will be realized by the Account on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment.

Additionally, the Account's portfolio of investments may, at any given time, include securities that are thinly traded or for which a limited or no market exists or which are restricted as to their transferability under applicable securities laws. These investments may be difficult to value accurately.

Conflicts of Interest. The Account and AIM are subject to certain potential conflicts of interest.

Pay-to-Play Laws, Regulations and Policies. A number of states and municipal pension plans have adopted so-called “pay-to-play” laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including those seeking investments by public retirement funds. The Securities Exchange Commission has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation to a government client for two years after the adviser or certain of its executives or employees makes a contribution to certain elected officials or candidates. If AIM or any of its employees or affiliates or any service provider acting on their behalf fails to comply with such laws, regulations or policies, such non-compliance could have an adverse effect on the Account.

Counterparty Default. The stability and liquidity of repurchase agreements, swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that the Account will monitor on an ongoing basis the creditworthiness of firms with which it will enter into repurchase agreements, interest rate swaps, caps, floors, collars or other over-the-counter derivatives. If there is a default by the counterparty to such a transaction, the Account will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of the Account being less than if the Account had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. If one or more of the Account’s counterparties were to become insolvent or the subject of insolvency proceedings in the United States (either under the Securities Investor Protection Act or the United States Bankruptcy Code), there exists the risk that the recovery of the Account’s securities and other assets from such prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

In addition, the Account may use counterparties, located in jurisdictions outside the United States. Such local counterparties are subject to the laws and regulations in foreign jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Account’s assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on the Account and its assets. Investors should assume that the insolvency of any counterparty would result in a loss to the Account, which could be material.

Business and Regulatory Risks. Legal, tax and regulatory developments that may adversely affect the Account could occur while the Account is in operation. Securities and futures markets are subject to comprehensive statutes, regulations and margin requirements enforced by the Securities Exchange Commission, other regulators and self-regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The regulatory environment for private funds is evolving, and changes in the regulation of private funds and their trading activities may adversely affect the ability of the Account to pursue its investment strategy, its ability to obtain financing and the value of investments held by the Account. There has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry in general. It is impossible to predict what, if any, changes in regulations may occur, but any regulations which restrict the ability of the Account

to trade in securities or the ability of the Account to employ, or brokers and other counterparties to extend, credit in its trading (as well as other regulatory changes that result) could have a material adverse impact on the Account's portfolio.

The Account and/or AIM may also be subject to regulation in jurisdictions in which the Account and AIM engage in business. The Account may be subject to new or additional regulatory constraints in the future. It is not possible to address or anticipate every possible current or future regulation that may affect AIM, the Account or their businesses. Such regulations may have a significant impact on the owner or the operations of the Account, including, without limitation, restricting the types of investments the Account may make, preventing the Account from exercising its voting rights with regard to certain securities, requiring the Account to disclose the identity of its owner or otherwise. AIM may, in its sole discretion, cause the Account to be subject to such regulations if it believes that an investment or business activity is in the Account's interests. Prospective investors are encouraged to consult their own advisors regarding an investment in an SMA managed by AIM.

Current Market Conditions. Various sectors of the global financial markets have been experiencing an extended period of adverse conditions. Recently, market uncertainty in the United States has increased dramatically and adverse market conditions have expanded to other markets. These conditions have resulted in reduced liquidity, greater volatility, general widening of credit spreads and a lack of price transparency. These difficult global credit market conditions have adversely affected the market values of equity, fixed income and other securities and these circumstances may continue or even deteriorate further. The Account may be materially adversely affected by the foregoing events, or by similar or other events in the future. In the long term, there may be significant new regulations that could limit the Account's activities and investment opportunities or change the functioning of capital markets, and there is the possibility the severe worldwide economic downturn could continue for a period of years. Consequently, the Account may not be capable of, or successful at, preserving the value of its assets, generating positive investment returns or effectively managing its risks.

Litigation. From time to time, in the ordinary course of their operations, AIM and its affiliates may be subject to litigation and arbitration, which can be costly and divert significant portions of available staff time and resources. Any litigation or arbitration could have a materially adverse effect on the Account.

Terrorist Action. There is a risk of terrorist attacks on the United States and elsewhere causing significant loss of life and property damage and disruptions in the global market. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of such events is unclear but could have a material effect on general economic conditions and market liquidity.

Operational Risk. The Account depends on AIM to develop the appropriate systems and procedures to control operational risk. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in the Account's operations may cause the Account to suffer financial loss, the disruption of its business, liability to clients or third parties, regulatory intervention or reputational damage. The Account relies heavily on its financial, accounting and other data processing systems. The ability of its systems to accommodate an increasing volume of transactions could also constrain the Account's ability to properly manage the portfolio.

No Material Limitation on Strategies. Subject to the terms of the Agreement and the investment guidelines therein, the Account will opportunistically implement whatever strategies or discretionary approaches AIM believes from time to time may be suited to prevailing market conditions. The risks associated with such strategies may be different than those described in this Brochure. There can be no assurance that AIM will be successful in applying any such strategy or discretionary approach and that losses will be avoided.

Discretion of Investment Manager; New Strategies and Techniques. Subject to the terms of the Agreement and the investment guidelines therein, AIM has considerable discretion in the types of securities that the Account may trade and has the right to modify the trading strategies or hedging techniques of the Account without notifying the owner of the Account or seeking its consent. Any of these new trading techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings, which could result in unsuccessful trades and, ultimately, losses to the Account. In addition, any new investment strategy or hedging technique developed by the Account may be more speculative than earlier techniques and may increase the risk of an investment in the Account.

Systemic Risk. Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a “systemic risk” and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which the Account interacts on a daily basis.

Volatility Risk. The Account’s investment program may involve the purchase and sale of relatively volatile instruments such as derivatives, which are frequently valued based on implied volatilities of such derivatives compared to the historical volatility of underlying securities. Fluctuations or prolonged changes in the volatility of such instruments, therefore, can adversely affect the value of investments held by the Account. In addition, many non-U.S. financial markets are not as developed or as efficient as those in the U.S., and as a result, price volatility may be higher for the Account’s investments. Consequently, and also as a result of its investment program, the Account’s performance may be volatile.

Competition; Availability of Investments. The markets in which the Account may invest are extremely competitive for attractive investment opportunities and, as a result, there may be reduced expected investment returns. There can be no assurance that AIM will be able to identify or successfully pursue attractive investment opportunities in such environments. Among other factors, competition for suitable investments from other pooled investment vehicles, the public equity markets and other investors may reduce the availability of investment opportunities. Competitive investment activity by other firms and institutions will reduce the Account’s opportunity for profit by generally increasing price pressure on desired assets, reducing mispricing’s in the market as well as the margins available on those mispricing’s that can still be identified.

Fraud. Instances of fraud and other deceptive practices committed by third parties in connection with any financial asset in which the Account invests may undermine AIM’s due diligence efforts with respect to such investments, and if such fraud is discovered, negatively affect the valuation of the Account’s investments. In addition, when discovered, financial fraud may contribute to overall market volatility, which can negatively impact the Account’s investment program. Misconduct by employees of AIM or by third party service providers could cause significant losses to the Account. Employee misconduct may include binding the Account to transactions that exceed authorized limits

or present unacceptable risks and unauthorized trading activities or concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses). Losses could also result from actions by third party service providers, including, without limitation, failing to recognize trades and misappropriating assets. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Account's business prospects or future marketing activities. No assurances can be given that the due diligence performed by AIM will identify or prevent any such misconduct.

Potential Conflicts of Interest

AIM may manage other Client accounts, some of which may have objectives similar to those of the Account, including other SMAs or collective investment vehicles which may be managed by AIM or any of its affiliates and in which AIM or any of its affiliates may have an equity interest.

AIM acts in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to the Account but does not otherwise have any specific obligations or requirements concerning the allocation of time, effort or investment opportunities to the Account or any restrictions on the nature or timing of investments for the account of the Account and for AIM's own account or for other accounts that AIM or its affiliates may manage. It is the Manager's policy to allocate investment opportunities fairly and equitably over time. To the extent that an investment opportunity is appropriate for multiple accounts managed by AIM or its affiliates, AIM will take into account a variety of considerations when determining how to allocate an investment opportunity, including: (a) whether the risk-return profile of the proposed investment is consistent with the account's objectives, whether such objectives are considered (i) solely in light of the specific investment under consideration or (ii) in the context of the portfolio's overall holdings; (b) the potential for the proposed investment to create an imbalance in the account's portfolio; (c) liquidity requirements of the account; (d) potentially adverse tax consequences; (e) legal or regulatory restrictions that would or could limit an account's ability to participate in a proposed investment; (f) structural and/or financing restrictions; (g) the need to re-size risk in the account's portfolio; (h) redemptions and subscriptions and (i) others as may be agreed from time to time. Such considerations are expected to generally dictate an allocation between the Account and any other Client accounts pro rata on the basis of their respective net asset values. However, such considerations may also result in allocations among the Account and any other Client accounts managed by AIM on other than a pro rata basis. AIM is not obligated to devote any specific amount of time to the affairs of the Account, and is not required to accord exclusivity or priority to the Account in the event of limited investment opportunities arising from the application of speculative position limits or other factors.

When AIM determines that it would be appropriate for the Account and one or more other investment accounts to participate in an investment opportunity, AIM will seek to execute orders for all of the participating investment accounts on an equitable basis. If AIM has determined to invest at the same time for more than one of the investment accounts, AIM will generally place combined orders for all such accounts simultaneously and if all such orders are not filled at the same price, it will generally average the prices paid. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, AIM will allocate the trade among the different accounts on a basis that it considers equitable. Situations may occur where the Account could be disadvantaged because of the investment activities conducted by AIM for other investment accounts.

From time to time, AIM may determine that a sale of positions from one client account to another is in the best interests of both accounts. For example, the Account may acquire investments from unrelated sellers and may re-offer a portion of such investments to affiliated investment vehicles that were subject to legal, fiscal or other restrictions on participating in the original transaction. Alternatively, an affiliate may require an investment from an unrelated seller in anticipation of offering it to the Account at a future date, if the Account does not have available capital to make the investment when it is being marketed by the unrelated seller. While these transactions with related parties are expected to expand the universe of opportunities that are available to the Account and other clients of AIM, the Account will not necessarily derive a benefit from each such transaction, and the Account and the other party to a particular transaction may have divergent interests. Moreover, there may be uncertainties regarding the valuation of investments that are subject to these transactions.

AIM, as well as the employees and officers thereof and of certain organizations affiliated with AIM (“*Affiliates*”), may buy and sell securities for their own account or the account of others only in accordance with AIM’s Code of Ethics. The Affiliates may engage for their own accounts, or for the accounts of others, in other business ventures of any nature, and the Account has no right to participate in or benefit from the other management activities of AIM described above and the Affiliates are not obligated to account to the Account for any profits or benefits made or derived therefrom, nor shall they have any obligation to disclose or refer to the Account any of the investment or service opportunities obtained through such activities.

AIM’s authority to use “soft dollar” credits generated by the Account’s securities transactions to pay for research and research-related services that might otherwise have been borne by AIM may give AIM an incentive to select brokers or dealers for Account transactions, or to negotiate commission rates or other execution terms, in a manner that takes into account the soft dollar benefits received by AIM rather than giving exclusive consideration to the interests of the Account.

Item 9 - Disciplinary Information

Neither AIM, nor any of its directors, officers or principals has been involved in any investment-related criminal or civil actions in a domestic, foreign or military court that would be material to an evaluation of AIM’s advisory business or the integrity of its management.

Neither AIM, nor any of its directors, officers or principals has been involved in any administrative proceedings before the Securities and Exchange Commission, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority that would be material to an evaluation of AIM’s advisory business or the integrity of its management.

Neither AIM, nor any of its directors, officers or principals has been involved in any self-regulatory organization proceedings that would be material to an evaluation of AIM’s advisory business or the integrity of its management.

Item 10 - Other Financial Industry Activities and Affiliations

Neither AIM, nor any of its directors, officers or principals is registered as a broker-dealer or as a representative of a broker-dealer or has an application pending to register as a broker-dealer or as a registered representative of a broker-dealer.

Neither AIM, nor any of its directors, officers or principals is registered as a futures commission merchant or an associated person of a futures commission merchant or has an application pending to register as a futures commission merchant or an associated person of a futures commission merchant.

AIM is exempt from registration as a commodity trading advisor under Section 4(m) of the CEA, offered to advisers that have fewer than fifteen clients. None of its directors, officers or principals is registered as, has an application pending to register as or is an associated person of a commodity pool operator or a commodity trading advisor.

As mentioned previously, from time to time, AIM or its affiliates may come into possession of non-public information concerning specific companies. Under applicable securities laws, this may limit AIM's flexibility to buy or sell portfolio securities issued by such companies that it may otherwise have been able to absent such non-public information. The Account's investment flexibility may be constrained as a consequence of AIM's inability to use such information for investment purposes.

Specifically, Ashford, as well as certain shared employees of Ashford and AIM and their affiliates, may come into possession of material non-public information concerning specific companies and/or the hospitality industry through Ashford's role as an external advisor to Ashford Hospitality Trust, Inc. and Ashford Hospitality Prime, Inc. In addition, through shared operations and administrative support, employees of AIM might inadvertently learn of material non-public information concerning companies or industries in which the Account may invest. In the event of receipt by Ashford or such employees, AIM, as affiliates of Ashford, may be subject to restrictions on trading based on such information that would otherwise not exist absent such relationship or inadvertent disclosure.

Material Relationship Maintained by this Advisory Business and Conflicts of Interest

AIM is affiliated with Ashford Securities, LLC ("Ashford Securities"), through common control and ownership. Furthermore, Ashford Securities is a subsidiary of AIM's ultimate owner, Ashford.

Ashford Securities is registered with the United States Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority ("FINRA"). It may be perceived as presenting a potential conflict of interest; however, this conflict is mitigated by the fact that Ashford Securities does not handle any Account transactions or securities.

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

AIM has adopted a written Code of Ethics that establishes various procedures with respect to investment transactions in accounts in which employees of AIM or related persons have a beneficial interest or accounts over which an employee has investment discretion.

AIM's Code of Ethics was adopted to avoid possible conflicts of interest, avoid the inappropriate use of material, non-public information, and ensure the propriety of its employees' and principals' trading activity.

The foundation of the Code of Ethics is based on the underlying principles that:

- Employees must at all times place the interests of the client first,
- Employees must make sure that all personal securities transactions are conducted consistent with the Code of Ethics, and
- Employees should not take inappropriate advantage of their position.

AIM is prohibited from effecting transactions in securities for Clients in Ashford, Ashford Hospitality Trust, Inc., Ashford Hospitality Prime, Inc. or their affiliates. However, employees may buy or sell securities on behalf of Clients at or about the same time that they buy or sell the same securities for their own personal accounts. This practice may create a conflict of interest if employees receive more favorable execution prices than do Clients because employees' trades could negatively impact the market prices of target securities paid or received by Clients in their transactions for securities. In order to mitigate any such conflicts of interest, employees must obtain pre-approval for any transactions in reportable securities from the Chief Compliance Officer and all such transactions are subject to a +/- five (5) day black-out period.

In addition, employees may not participate in any initial public offering or engage in any outside business activities or private placements before obtaining authorization from the Chief Compliance Officer.

All AIM employees must report their personal trading activities and holdings to the Chief Compliance Officer.

AIM will provide a copy of its Code of Ethics to any Client or prospective Client upon request.

Item 12 - Brokerage Practices

Best Execution

AIM seeks to pay reasonable commissions and other transaction costs to reputable broker-dealers in exchange for high-quality execution services. AIM personnel meet periodically to evaluate trading counterparties based on a variety of factors that AIM deems relevant, including, without limitation, the following: research capabilities and the success of prior research recommendations, ability to efficiently execute difficult trades (such as those in illiquid markets or trades of substantial size), the broker's risk in positioning a block of securities, commitment of capital, access to new issues, nature and frequency of sales coverage, depth of services provided, including economic or political coverage, arbitrage and option operations, back office and processing capabilities, financial strength, stability and responsibility, efficiency, reputation, access to markets, confidentiality, commission rate, responsiveness to AIM and the value of research and brokerage and research products and services provided by such brokers.

Soft Dollar Benefits

AIM may receive "soft dollar" credits to pay for research and research-related services and products. Although AIM did not specifically "pay up" for any soft dollar benefits in the last year, it did receive research from brokers as part of their brokerage agreements. Research received from brokers and dealers are supplemental to AIM's own research effort. However, such research and research-related services and products provide a benefit to AIM because it does not have to produce or pay for such research, products or services itself. As a result, AIM may have an incentive to select broker-dealers based on its interest in receiving the research and research-related services and products, rather than on the Clients' interest in receiving most favorable execution. AIM does not separately compensate such broker-dealers for the research and does not believe that it "pays-up" for such broker-dealers' services due to the difficulty associated with the broker-dealers not breaking out the costs for such services, but Clients may pay higher commissions than those commissions charged by other broker-

dealers as a result of such soft dollar benefits. AIM's acceptance of research from brokers is done in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended.

Client Referrals

In selecting broker-dealers, AIM does not take into consideration Client referrals from a broker-dealer or other third party.

Directed Brokerage

Clients may not direct AIM to effect securities transactions in such Client's account through a specific broker-dealer.

Aggregated Trades

AIM generally manages all Client accounts on a basis believed by AIM to be fair and equitable over time. Although AIM currently only manages one Client, the Account, when AIM manages more Clients and determines that it would be appropriate for one or more Clients to participate in an investment opportunity, AIM will seek to execute orders for all of the participating Clients on a fair and equitable basis over time. If AIM has determined to invest at the same time for more than one Client, AIM will generally place combined orders for all such Clients simultaneously, and if all such orders are not filled at the same price, it will generally average the prices paid. Similarly, if an order on behalf of more than one Client cannot be fully executed under prevailing market conditions, AIM will allocate the trade among the different accounts on a basis that it considers fair and equitable. Situations may occur where one Client could be disadvantaged because of the investment activities conducted by AIM for other Clients.

Item 13 - Review of Accounts

Accounts under AIM's management are reviewed periodically by the Chief Compliance Officer or his designee to assure conformity with the investment objectives and guidelines. In addition, all accounts are reviewed in light of emerging trends and developments.

The Account and any SMA Clients will receive account statements directly from their account custodians. At such intervals as shall be mutually agreed upon between the parties, AIM furnishes the Account, and may also furnish other Clients, with appraisals of their accounts, performance tabulations, a summary of purchases and sales and such other reports as shall be agreed upon by AIM and the Client from time to time.

Item 14 - Client Referrals and Other Compensation

AIM does not currently compensate third parties for Client referrals.

AIM does not receive any other economic benefits from non-clients in connection with the provision of investment advice to Clients.

Item 15 – Custody

All Clients' accounts, including the Account, are held in custody by unaffiliated broker/dealers.

Certain officers and/or directors of Ashford, the ultimate owner of AIM, also serve as officers and/or directors of the ultimate owner of the Account. AIM may also have the ability to access and direct the flow of the Account's cash and securities. As a result, AIM may be deemed to have custody of the Account's assets.

The Account receives statements directly from its custodian and is encouraged to review them carefully. The owner of the Account should carefully compare the custodian statements against the reports provided by AIM, as described in Item 13 – Review of Accounts above.

The Account is subject to an annual audit performed by an independent public accountant that is registered with, and subject to regular inspection by the Public Company Accounting Oversight Board, and the audited financial statements are distributed to the Account's owner. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the Account's fiscal year end.

Item 16 - Investment Discretion

AIM has investment discretion over the Account, and may establish investment discretion over other Clients, pursuant to a grant of authority and limited power of attorney in the Agreement and in each SMA's separately managed account agreement, respectively. AIM's discretion over the Account is limited by the investment guidelines and other terms set forth in the Agreement and its discretion over other SMAs may be limited by requirements imposed by SMA Clients, including, the investment objectives of their accounts, any changes or modifications to those objectives, and any specific investment restrictions relating to their accounts. Various securities and/or tax laws, as well as internal compliance policies of AIM, may impose additional restrictions on the investments that AIM may make on behalf of Clients.

Item 17 - Voting Client Securities

In accordance with its fiduciary duty to Clients and Rule 206(4)-6 under the Advisers Act, AIM has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that AIM receives will be treated in accordance with these policies and procedures.

AIM will exercise discretion in determining whether or not to vote proxies for Clients and evaluate the matters on which a vote is solicited, in light of the Client's investment objectives for that security. AIM has established proxy voting policies and procedures and the Chief Compliance Officer, or his designee oversees the proxy voting process. The proxy voting procedures are designed to ensure that proxies are voted in the best interests of the Clients. In addition, the proxy voting policy includes guidelines for the Chief Compliance Officer to follow if a material conflict of interest arises between AIM, its employees, and/or its Clients to ensure that any material conflict is resolved fairly.

In the event that AIM receives notice of a class action that could result in a recovery for Client accounts, the Chief Compliance Officer or his designee will determine whether or not to participate in the class action on Clients' behalf. The Chief Compliance Officer or his designee shall oversee the

completion of Proof of Claim forms and any associated documentation, the submission of such documents to the claim administrator, and the receipt of any recovered monies. The Chief Compliance Officer will maintain documentation associated with Clients' participation in class actions.

A copy of AIM's proxy voting policies and procedures, as well as specific information about how AIM has voted in the past, is available to Clients upon written request.

Item 18 - Financial Information

AIM does not require or solicit prepayment of \$1,200 in fees per Client six months or more in advance.

AIM has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage Client accounts.