

**ALGORITHMIC INVESTMENT MODELS, LLC**

**FORM ADV PART 2A**

**BROCHURE**

**Item 1 – Cover Page**

**January 14, 2020**

125 Newbury Street, 4<sup>th</sup> Floor  
Boston, Massachusetts 02116  
(617) 834-1831

This brochure (“Brochure”) provides information about the qualifications and business practices of Algorithmic Investment Models, LLC (“AIM”). If you have any questions regarding the contents of this brochure, please do not hesitate to contact AIM’s Chief Compliance Officer by email at [compliance@algomodels.com](mailto:compliance@algomodels.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Algorithmic Investment Models, LLC is a registered investment advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training. Additional information about Algorithmic Investment Models, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2 – Material Changes**

Form ADV Part 2 requires registered investment advisors to amend their brochure when information becomes materially inaccurate. If there are any material changes to an advisor's disclosure brochure, the advisor is required to notify you and provide you with a description of the material changes.

As Algorithmic Investment Models, LLC is a newly-registered investment adviser, this is its initial Brochure and therefore, there are no material changes to disclose.

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## Item 4 - Advisory Business

### Description of the Advisory Firm

Algorithmic Investment Models, LLC (“AIM”, “we,” “us,” or “our firm”), a limited liability company organized in Delaware, was founded in 2012 as an investment technology firm providing AI-based ranking systems for exchange traded funds. AIM is an investment advisory firm registered with the United States Securities and Exchange Commission (“SEC”) under Rule 203A-2(c).

AIM is principally owned by founder and managing member Todd Rice. We are an algorithmic-based asset manager and our founder and team collaborated to build one of the firm investment systems to mimic natural evolution, which forms the foundation for the firm’s investment strategy. AIM’s proprietary ecosystem of algorithms combines machine-learning and behavioral finance in an effort to exploit the various cognitive errors we believe exist in the market.

All statements in this Brochure, including those made in the present tense, describe the business or prospective business of AIM.

AIM seeks to provide investment management services to a variety of clients. Our advice is generally limited to the investment strategy(ies) discussed in Item 8 below, but we reserve the right to advise our clients on certain other investments should we deem it appropriate based on their particular circumstances.

AIM intends to provide investment advisory services primarily to investment funds, including commingled funds and separately managed account vehicles, (all such funds are collectively referred to herein as “Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”) pursuant to Sections 3(a)(1), 3(c)(5)(C), 3(c)(6), 3(c)(7) or 3(c)(1) thereof, directly or indirectly to exchange traded funds (“ETFs”) registered under the Investment Company Act as an ETF sponsor, adviser and/or sub-adviser, and directly to non-Fund institutional investors, high net worth individuals and family offices. AIM does not provide investment advisory services directly to unaccredited retail investors. AIM refers to each of the Funds and ETFs, together with its non-Fund clients, individually as a “Client” or collectively as “Clients.” Please note, not all AIM’s Clients invest in securities; therefore, AIM’s definition of “Client” may be different in some cases to the Form ADV Part 1 definition of *client*.

While this Brochure generally describes the business of AIM, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on AIM’s behalf and is subject to the Firm’s supervision or control.

### Investment Management Services

The AIM Decathlon strategy is a global, go anywhere allocation strategy delivered by machine learning technology. The investment strategy focuses on three risk variants – Aggressive (Growth), Moderate, and Conservative. The AIM Decathlon algorithms rank more than 100 liquid ETFs daily, and the strategy’s recommended portfolio is typically comprised of the top 10 ranked ETFs and periodically rebalanced. AIM

has licensed the Decathlon strategy to Beaumont Financial Partners, LLC (“BFP”) and its affiliates who have discretion to override rankings or trade more frequently, given market conditions. AIM does not manage the strategies but rather provides research to BFP and its affiliates, who maintain the discretion and authority to override the research and recommendation provided by AIM.

AIM tailors its advisory services to meet the specific needs of its Clients and seeks to ensure, on a continuous basis, that Client accounts are managed in a manner consistent with each Client’s needs and objectives.

#### Market Neutral Trading Income Strategy

AIM’s market neutral trading income strategy will generally seek to invest primarily in offsetting long and short baskets of ETFs that have been ranked by AIM’s proprietary machine learning investment technology. This strategy seeks to provide historical bond-like returns of 5% or more annually at an average volatility of 4%. However, an investor should expect daily and monthly fluctuations in the value of the Client’s investment portfolio and potential drawdowns of as much as 5%. Investors are urged to consult with their personal advisers in connection with an investment in the strategy. Buy and sell decisions for this strategy are anticipated to be made or approved by AIM based on recommendations from its proprietary algorithms. AIM may also decide to trade a tracking basket of stocks instead of investing in an ETF based on liquidity and correlation (tracking error) information. Liquidity information might include market impact and borrowing costs for short positions.

#### General Information

As investment adviser to each Fund, the Firm identifies investment opportunities and participates in and is responsible for the management, monitoring and disposition of investments for each Fund. The Firm will manage each Fund based on the investment objectives and investment restrictions set forth in the governing documents and/or confidential offering memorandum of the Fund (the “Memorandum”), as applicable. The Firm generally provides investment advisory services to each Fund pursuant to an investment management agreement with the Fund and/or the governing documents of the Fund. The investments of a Fund may be subject to certain diversification and/or geographic limitations as set forth in the investment management agreement with the Fund and/or the governing documents of the Fund. Further, the Firm may enter into side letters with certain investors of a Fund, which impose further restrictions on investing in certain types of securities, countries, geographies or businesses with respect to such investor or may provide such investor with terms more favorable than other investors in a Fund, including items such as performance reporting transparency, fee breaks or fee waivers, and liquidity rights.

#### Assets Under Management

AIM reasonably anticipates that it will be eligible for registration with the SEC by the end of the 120-day period following its approval as an SEC-registered investment adviser. As of the date of this filing, AIM manages approximately \$0 in assets on a discretionary basis and \$0 on a non-discretionary basis of regulatory assets under management.

## **Item 5 - Fees and Compensation**

### **Management Fees**

Management fees ("Management Fees") for non-Fund Clients will be individually negotiated and vary between Clients and, for Fund Clients, may be individually negotiated between investors in a particular Fund. For example, certain Fund investors will pay a reduced Management Fee at AIM's discretion based on, among other things: the amount of capital committed and the timing of the investor's investment in a Fund. AIM also will not charge Management Fees to its own affiliates or associated persons who are Fund investors.

Management Fees are paid on a periodic basis, generally, but not exclusively, quarterly, either in advance or in arrears. Management Fees are typically not refundable. To the extent that a Management Fee is payable for less than a full payment period, the amount will be appropriately prorated. Management Fees are either billed to Clients (or, in the case of Funds, investors) or deducted from available funds as negotiated with specific Clients and specified in the Governing Documents.

### **Market Neutral Trading Income Strategy**

Investors or Clients in the market neutral trading income strategy will pay a quarterly management fee equal to one-fourth of 0.125% of the investor's capital account balance at the end of each quarter (approximately 0.5% annually). These management fees will be payable quarterly in arrears, within ten (10) calendar days after the end of the quarter to which they pertain. The management fee will generally be calculated net of all taxes (including withholding taxes) imposed on or with respect to the Fund. As a result of the management fee, the returns realized by investors may be substantially less than the returns investors would realize from engaging in the same activities directly, if they were able to make such investments directly without investing in the AIM strategy.

### **Non-Investment Advisory Services (Other Services) Fees**

AIM or its affiliates may provide non-investment advisory services ("Other Services") that might otherwise be provided by independent third parties to Clients for additional compensation ("Other Services Fees"). The terms and conditions upon which Other Services are provided and the terms and conditions of Other Services Fees are individually negotiated with each Client and are set forth in the Governing Documents. For example, AIM may charge a licensing fee to enable certain of its Clients to "white label" its research and proprietary algorithms for certain of its strategies. AIM may also charge fees for consulting services it provides. Other Services Fees may not reduce or offset Management Fees. Generally, Other Services Fees are otherwise no less favorable to the Client and/or its investment than the arm's-length rates on which the Client or such investment could obtain comparable services from an unaffiliated third-party, taking into account the nature of the services.

**AIM's Allocable Costs and Expenses**

In addition, any of the foregoing services rendered by AIM or its affiliates and related entities, and their Allocable Costs and Expenses with respect to such services, will be a Fund Client expense if (i) the costs for such services are billed to the Client in accordance with standard cost reimbursement procedures established by AIM for the billing of such services, (ii) such services are rendered on terms which are no less favorable to the Client than the terms on which the Client could obtain comparable services from an unaffiliated third party and (iii) the provision of such services by such entities or personnel is in the good faith judgment of AIM in the interests of the Client. "Allocable Costs and Expenses" means an allocable share of all direct and indirect fees, costs and expenses of AIM and its affiliates and related entities (as applicable) related to services provided to the Client and/or Other Services, including, (a) out-of-pocket costs and expenses of the general partner and/or its respective affiliates and related entities, (b) direct and indirect employment and overhead costs of employees involved in, assisting with, or ancillary to the performance of such services (e.g., internal staff counsel and other legal professionals, finance and capital markets, tax, accounting, compliance, human resources, risk management, information technology, administrative, operations, and marketing and communications), (c) expenses relating to any offices or office facilities (e.g., rent, telephone, printing, mailing, utilities, office furniture, equipment, machinery and any other office, internal, and overhead expenses), (d) information technology expenses associated with any computer software or hardware, (e) insurance costs and fees and (f) expenses of any third party retained by AIM, and/or its respective affiliates and related entities.

**Other Fund Client Fees and Expenses**

Fund Clients are responsible for their organizational, offering and operating expenses in accordance with their Governing Documents. Such operating expenses generally include the following and other similar expenses:

- All reasonable out-of-pocket fees, costs and expenses incurred in identifying, evaluating, monitoring, holding, protecting, strengthening, acquiring and disposing of investments owned by the Fund Client, including any financing, legal, due diligence, technology, administrative, auditing, accounting, advisory, consulting, other third party and/or any travel, accommodation and meal expenses, deposits funded thereon, brokerage commissions, research and quotation service fees and expenses, custodial expenses;
- Expenses incurred in offering and selling interests in a Fund (unless a Fund engages one or more placement agents, in which case a portion of such expenses may be borne by those investors introduced to a Fund by such placement agent;
- Out-of-pocket fees, costs and expenses of any administrators, custodians, prime brokers, executing brokers, consultants, counsel, auditors, accountants, independent valuation advisors and other professional advisors;
- Out-of-pocket costs and expenses incurred while developing potential investments that are not ultimately made, including, any legal, accounting, advisory, consulting or other third party

expenses, any research and broker quotation service fees and expenses and any travel and accommodation expenses;

- Insurance, indemnity or litigation expenses;
- Out-of-pocket expenses of any advisory board contemplated by the Fund governing documents, where applicable;
- Taxes, fees or other governmental charges levied against the Fund Client;
- Interest on and fees and expenses related to or arising from any indebtedness, guarantees or hedging activities;
- Expenses of liquidating the Fund;
- Expenses and costs associated with reporting to and meetings of the advisory board and of the limited partners contemplated by the Fund governing documents, where applicable;
- Extraordinary expenses, such as expenses, settlement accounts and awards relating to litigation, arbitration or other forms of dispute resolution of the Fund Client, the general partner, AIM or any affiliate, director, manager, officer, employee, member, partner, shareholder, delegate or agent of any of them entitled to indemnification in respect thereof;
- Governmental charges, fees and expenses and all expenses in connection with any audit, investigation, settlement or review;
- Out-of-pocket expenses incurred in connection with the Fund Client's legal and regulatory compliance with U.S. federal, state, local, non-U.S. or other law and regulation;
- Out-of-pocket costs and expenses incurred in connection with compliance with any side letters or other written agreements, where applicable; and
- Information technology expenses associated with any computer software or hardware procured by or on behalf of the Fund Client.

The Governing Documents of each Fund Client provide greater detail regarding the fees and expenses to which each such Fund Client is subject.

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

Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a Client's account.



AIM is generally entitled to performance-based fees from Clients. For Fund Clients, performance-based fees are generally earned by AIM or the Fund's general partner or an affiliate on terms specified in the Fund's Governing Documents. The terms of any such fee arrangements are individually negotiated and are, in all cases, in compliance with the Advisers Act.

#### Performance-Based Fees and Allocation of Investment Opportunities

Performance-based fee arrangements create an incentive for AIM to recommend investments that may be riskier or more speculative than those that AIM would otherwise recommend under a different fee arrangement. In addition, the manner in which performance-based fees are determined may result in a conflict between AIM's interests and the interests of the Client. Performance-based fee arrangements also create an incentive for AIM to favor Clients with performance-based fee arrangements over Clients that are not charged a performance-based fee, and to favor one Client with performance-based fee arrangements over another Client with similar arrangements, depending on the relative likelihood that AIM will earn performance-based fees from such Clients, and the likely amounts thereof. AIM has adopted a Trade Allocation Policy to mitigate allocation conflicts.

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

As previously mentioned, AIM seeks to provide investment advisory services to Funds that are exempt from registration under the Investment Company Act pursuant to Sections 3(a)(1), 3(c)(5)(C), 3(c)(6), 3(c)(7) or 3(c)(1) thereof. AIM also aims to provide investment advisory services directly to non-Fund institutional investors, high net worth individuals, endowments, pension plans, family offices and other third-party investment advisers. AIM does not currently provide investment advisory services directly to nonaccredited retail investors or to registered investment companies.

The minimum capital commitment to invest in a Fund generally is more than \$100,000, depending on the Fund; however, the Fund's general partner generally has the discretion to reduce the minimum capital commitment. All Fund investors are subject to applicable financial sophistication requirements and AIM requires Fund investors to be "qualified clients" ("Qualified Clients"), as defined in Rule 205-3 of the Advisers Act. In addition, AIM requires that U.S. Fund investors be "accredited investors" as defined in Regulation D under the Securities Act and that non-U.S. Fund investors satisfy the requirements of Regulation S under the Securities Act.

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

#### **Generally**

We are an algorithmic-based asset manager and our founder and team collaborated to build one of the firm investment systems to mimic natural evolution, which forms the foundation for the firm's investment strategy. AIM's proprietary ecosystem of algorithms combines machine-learning and behavioral finance in an effort to exploit the various cognitive errors we believe exist in the market. We believe we have pioneered unique investment datasets, risk and optimization approaches, and algorithmic investment committees. We aim to specialize in developing "smooth ride," highly-efficient portfolios across the full spectrum of risk levels.

The Decathlon system is designed to identify repeating patterns in market data caused by investor behavior. The global events that drive markets are constantly changing, but we believe investor behavior, specifically human reactions to varied market events, remains constant. By utilizing machine learning, specifically genetic programming, we believe the Decathlon system can identify these repeating patterns and use them to predict the relative returns of various securities. Every day, the Decathlon system produces rankings of an investment pool of ~130 ETFs representing the liquid global investment opportunity set (including many asset classes, multiple market capitalizations, global geographic exposure, and a broad selection of fixed income and currency ETFs). Our licensee manages this pool of ETFs based on desired exposure, liquidity, cost, and other factors. Therefore, the pool is subject to change. As of the third quarter of 2020, Decathlon trades dynamically, and rebalances to an equal weight portfolio of the top ten ranked securities for each risk profile once a sufficient number of securities have fallen far enough in the rankings to justify the resulting trades. Decathlon's process is subject to ongoing research and enhancement, with the goal of continuous improvement. The algorithms used by the system are usually optimized at least quarterly, or more frequently as dictated by market conditions. Decathlon is asset class agnostic, and asset allocation for each model (ignoring prospectus constraints) is typically determined by the ETF rankings.

The investment objective of the market neutral trading income strategy is to provide an attractive low-risk total return. AIM will seek to achieve this strategy's investment objective by investing primarily in offsetting long and short baskets of exchange-traded funds ("ETFs") that have been ranked by our proprietary machine learning investment technology. The ETFs in which the strategy invests may be passively or actively managed.

We continuously seek to optimize our algorithms, placing more emphasis on more recent information. AIM uses a large and growing family of proprietary algorithms, each of which has a unique fitness function or goal (collectively, the "Models"). The process of building these Models is known as "genetic programming" and results in increasingly well-structured ranking systems that AIM uses to the advantage of its investment strategies. We aggregate the recommendations of the individual algorithms to arrive at final ETF rankings and investment decisions in a process known as ensemble modeling.

AIM anticipates that buy and sell decisions will be made or approved by us based on recommendations from the algorithms. We may also decide to trade a tracking basket of stocks (or "virtual ETF") instead of investing in an ETF based on liquidity and correlation (tracking error) information. Liquidity information might include market impact and borrowing costs for short positions.

AIM seeks to generate trading income that rivals historical bond market returns without exposing this strategy to interest rate risk, macroeconomic events, or swings in the level of equity market volatility. We believe the low volatility of the strategies results from the large number of securities held and the similarity of the long and short baskets.

There can be no assurance that any AIM investment strategy will achieve its investment objective or avoid losses. Past results of the Firm and its principals are not necessarily indicative of the future performance of any of our strategies.

## Risk Factors

The Decathlon strategy is predictive in nature based on historical price patterns in various markets, sectors, etc. and will own ten equal weight positions from the ETF pool. Additional risk associated with these strategies would occur when current conditions are unique and unlike any historical patterns. Material risks also include investing in developed and emerging market equity and bond ETFs, commodity ETFs, currency ETFs, as well as U.S. based equity and bond ETFs. In addition, the strategies may focus on a particular sector or theme, and thus concentration risk may also be present.

## Investment Risks

*Investment Risks in General.* A potential investor or Client should note that the prices of securities instruments in which a Fund invests may be volatile. Market movements are difficult to predict and are influenced by, among other things: government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument and currency markets, and such intervention (as well as other factors) may cause these markets and related investments to move rapidly.

*Risk of Loss of Investment.* No guarantee or representation is made that any of AIM's investment programs will be successful or that investment objective will be achieved. Clients could experience a partial or total loss of capital.

*Short Selling Increases Risk of Capital Losses.* As part of certain investment strategies, AIM will engage in the short selling of securities. Short selling involves the sale of a security that AIM does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. When a short sale is made, the seller must leave the proceeds of the short sale with the broker and it must also deposit with the broker an amount of cash or United States government securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. If the short sale is not "covered," the later purchase of the security to "cover" the short sale by redelivery to the lender may occur at a time when the market price of the security has increased, perhaps substantially, or when the security may be unavailable. Short sales can, in certain circumstances, substantially increase the effect of adverse price movements on a Client's portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

*Performance Fees Encourage Speculation.* The performance fees may create an incentive for AIM to cause Clients to make investments that are riskier or more speculative than would be the case in the absence of the performance fee. A Fund's performance allocation will be established without negotiating with any third party.

*Hedging Transactions May Increase Risk of Capital Losses.* Certain of AIM's investment strategies may utilize a variety of financial instruments, such as futures, for investment and risk management purposes. While we may enter into hedging transactions to seek to reduce risk, such transactions may result in a worse overall performance for the Client than if it had not engaged in any such hedging transactions. Moreover, certain Client portfolios are always exposed to certain risks that cannot be hedged, such as credit risk, relating both to particular securities and counterparties.

*Changes in Investment Strategies.* We have broad discretion to expand, revise or contract the Firm's business without the consent of Clients. Our investment strategies may be altered without prior approval from Client. Any such decision to engage in a new activity or alter existing investment strategies could result in the exposure of a Client's portfolio to additional risks that may be substantial.

*Suspension of Trading.* Each securities exchange (and the Financial Industry Regulatory Authority, Inc., with respect to over-the-counter securities) typically has the right, or may be required by the Securities and Exchange Commission ("SEC"), to suspend or limit trading and/or quotations in all securities that it lists or in respect of which it provides quotes. Such a suspension could delay the liquidation of positions or render it impossible for us to liquidate positions and thereby expose Clients to potential losses.

*Investment Selection.* We may select investments for certain strategies in part on the basis of information and data filed by the issuers of such securities with various government regulators or made directly available to AIM by the issuers of securities or through sources other than the issuers. Although we will evaluate all such information and data and seek independent corroboration when we consider it appropriate and when it is reasonably available, AIM will not be in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information will not be readily available.

*Reliance on Quantitative Analysis.* AIM investment strategies rely substantially upon our Models. The Models may entail the use of sophisticated statistical calculations and complex computer systems, and there is no assurance that AIM will be successful in carrying out such calculations correctly or that the use of these quantitative models and systems will not expose Clients to the risk of significant losses. In addition, the analytical techniques used by AIM cannot provide any assurance that our Clients will not be exposed to the risk of significant trading losses if the underlying patterns that form the basis for the Models employed by AIM change in ways not anticipated by AIM. The effectiveness of the Models may diminish over time, and attempts to apply existing Models to new or different markets, strategies or investments may prove ineffective.

To the extent that information regarding AIM's positions or trades becomes or is required to be made publicly available, there is a material risk that other market participants may seek to reverse engineer our quantitative investment strategies from such public information. The use of AIM's investment strategies by other persons, whether as a result of reverse engineering, "frontrunning" or other actions, may have a material adverse effect on the performance of Client portfolios.

*ETF Risk.* An ETF, which is an investment company, may trade in the secondary market at prices below the value of its underlying portfolio and may not be liquid. An actively managed ETF's performance will

reflect its adviser's ability to make investment decisions that are suited to achieving the ETF's investment objectives. A passively managed ETF may not fully replicate the performance of its benchmark index because of, for example, 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 the number of securities held. A passively managed ETF may not be permitted to sell poorly performing securities that are included in its index.

*Derivatives.* A derivative is a financial contract whose value depends on, or is derived from, changes in the value of one or more underlying assets, reference rates, indexes or events. Among the types of derivatives that may be used are futures, options and swaps. Use of derivatives may involve risks different from, or greater than, the risks associated with investing in more traditional investments, such as stocks and bonds. Derivatives can be highly complex, may perform in ways unanticipated by AIM and may be difficult to value. Derivatives require investment techniques and risk analyses different from those of other instruments. Before purchasing a derivative, we will usually not have the opportunity to observe its performance under all market conditions. If AIM incorrectly forecasts the value of securities, currencies, interest rates, or other economic factors in using derivatives, a Client might have been in a better position if it had not entered into the derivatives. Derivatives also involve the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate, index, or overall securities markets.

Use of derivatives involves the risk that the other party to the derivative contract will fail to make required payments or otherwise to comply with the terms of the contract. The counterparty to these contracts is generally a single bank or other financial institution, rather than a clearing organization backed by a group of financial institutions. As a result, there may be greater counterparty credit risk in these transactions. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, a Client may experience significant delays in obtaining any recovery under the derivative contract in a bankruptcy or other proceeding. A Client may obtain only a limited recovery or may obtain no recovery in such circumstances. We may trade derivatives by means of a prime broker or an executing broker and is subject in either case to counterparty risk with respect to the broker.

Derivatives transactions can create investment leverage and a Client could lose more than the amount it invests. Derivatives may be more volatile than other investments, resulting in larger losses in response to market changes. Derivatives, especially over-the-counter ("OTC") derivatives, may be difficult to value and highly illiquid, and we may not be able to close out or sell one or more derivative positions at a particular time or at an anticipated price. Some derivatives may be subject to interest rate or currency risk. Use of derivatives may increase the amount and affect the timing and character of taxes payable by shareholders and tax exposure may be difficult to quantify at any given time. Tax liability may depend on the interpretation of treaties and foreign law. Suitable derivative transactions may not be available in all circumstances. There can be no assurance that the Fund will engage in these transactions to reduce exposure to other risks when that would be beneficial.

*Futures.* We may purchase and sell financial futures contracts. A futures contract is an agreement to buy or sell a set quantity of an underlying asset at a future date, or to make or receive a cash payment based on the value of a securities index or some other asset at a stipulated future date. "Margin" with respect to a futures contract is the amount of assets that must be deposited with, or for the benefit of, a futures

commission merchant in order to initiate and maintain the position. If the price of the futures contract changes, we may be required to make an additional margin deposit. A futures contract is a type of derivative and is subject to the general risks relating to derivatives described above.

There can be no assurance that, at all times, a liquid market will exist for offsetting a futures contract that we have previously bought or sold. This could be the case if, for example, a futures price has increased or decreased by the maximum allowable daily limit and there is no buyer willing to purchase the futures contract that we need to sell (or sell the futures contract that we need to buy).

Many electronic trading facilities that support futures trading are supported by computer-based component systems for the order routing, execution, matching, registration or clearing of trades. As with all facilities and systems, these computer-based systems are vulnerable to temporary disruption or failure. Our ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house or member firms.

*Total Return Swaps.* Total return swaps (“TRSs”) are contracts in which one party, the total return payer, agrees to make payments of the total return from the designated underlying asset(s), which may include securities, baskets of securities, or securities indices, during the specified period, in return for receiving payments equal to a fixed or floating rate of interest and, typically, a spread based on the London Interbank Offered Rate (or the total return from the other designated underlying asset(s)). If a Client is the total return receiver, then the credit risk for the underlying asset is transferred to the Client in exchange for its receipt of the return on that asset. If a Client is the total return payer, it hedges the economic risk of the underlying asset. TRSs may be used to obtain exposure to a security or asset without owning or taking physical custody of such security or asset. TRSs may effectively add leverage to a Client’s portfolio because, in addition to its total net assets, the Client would be subject to investment exposure on the notional amount of the swaps.

*Failure of Broker-Dealers.* Institutions, such as brokerage firms or banks, may hold certain of Client assets in “street name.” Bankruptcy or fraud at one of these institutions could impair the operational capabilities or the capital position of the Client’s account. In addition, as a Client may borrow money or securities or utilize operational leverage with respect to its assets, the Client will post certain of its assets as collateral securing the obligations or leverage (“Margin Securities”). The Client’s broker generally holds the Margin Securities on a commingled basis with margin securities of its other customers and may use certain of the Margin Securities to generate cash to fund the Client’s leverage, including pledging such Margin Securities. Some or all of the Margin Securities may be available to creditors of the Client’s broker in the event of its insolvency. The Client’s broker has netting and set off rights over all the assets held by it (which may indirectly include amounts held for a Client’s benefit in the special segregated bank account) to satisfy the Client’s obligations under its agreements with its broker.

*Cybersecurity.* Intentional cybersecurity breaches include: unauthorized access to systems, networks, or devices (such as through “hacking” activity); infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. In addition, unintentional incidents can occur, such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws). A cybersecurity breach could result in the loss or theft of customer data or funds, the inability to access

electronic systems (“denial of services”), loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs. Such incidents could cause us, our affiliates or our service providers to incur regulatory penalties, reputational damage, additional compliance costs, or financial loss. In addition, such incidents could affect issuers in which Clients invest, and thereby cause such investments to lose value.

*Economic and Market Events.* Events in the financial sector historically have resulted, and may result from time to time, in an unusually high degree of volatility in the financial markets, both domestic and foreign. These events have included, but are not limited to: bankruptcies, corporate restructurings, and other events related to the sub-prime mortgage crisis in 2008; financial distress in the U.S. auto industry; credit and liquidity issues involving certain money market mutual funds; governmental efforts to limit short selling and high frequency trading; measures to address U.S. federal and state budget deficits; debt crises in the Eurozone; S&P’s downgrade of U.S. long-term sovereign debt; economic stimulus by the Japanese central bank; declines in oil prices; and dramatic changes in currency exchange rates. Global economies and financial markets are becoming increasingly interconnected, which increases the possibility that conditions in one country or region might adversely affect issuers in a different country or region. Both domestic and foreign equity markets have experienced increased volatility and turmoil, with issuers that have exposure to the real estate, mortgage, and credit markets particularly affected, and it is uncertain when these conditions will recur. Banks and financial services companies could suffer losses if interest rates were to rise or economic conditions deteriorate.

In addition to financial market volatility, relatively high market volatility and reduced liquidity in credit and fixed-income markets may adversely affect many issuers worldwide. Increases in the level of short-term interest rates could cause fixed-income markets to experience continuing high volatility, which could negatively affect our performance. This reduced liquidity may result in less money being available to purchase raw materials, goods, and services from emerging markets, which may, in turn, bring down the prices of these economic staples. These events and the possible resulting market volatility may have an adverse effect on Clients. There is also a risk that the prices of goods and services in the U.S. and many foreign economies may decline over time, known as deflation. Deflation may have an adverse effect on stock prices and creditworthiness and may make defaults on debt more likely. If a country’s economy slips into a deflationary pattern, it could last for a prolonged period and may be difficult to reverse.

*Natural Disasters and Adverse Weather Conditions.* Certain areas of the world historically have been prone to major natural disasters, such as hurricanes, earthquakes, typhoons, flooding, tidal waves, tsunamis, erupting volcanoes, wildfires or droughts, and have been economically sensitive to environmental events. Such disasters, and the resulting damage, could have a severe and negative impact on a Client’s investment portfolio and, in the longer term, could impair the ability of issuers in which a Client invests to conduct their businesses in the manner normally conducted.

*Epidemics and Pandemics.* Since 2003, the world has seen a number of outbreaks of new viral illnesses of varying severity, including but not limited to Severe Acute Respiratory Syndrome, Middle East Respiratory Syndrome, the H1N1 Flu and COVID-19, caused by the novel Coronavirus known as SARS-CoV-2. The responses to these outbreaks have varied as has their impact on human health, local economies and the global economy, and it is impossible at the outset of any such outbreak to estimate accurately what the

ultimate impact of any such outbreak will be. Protective measures taken by governments and the private sector to mitigate the spread of such illness, including travel restrictions and outright bans, quarantines, and work-at-home arrangements, and the spread of any such illness could severely impair AIM's operational capabilities, potentially harming a Client's performance.

Natural Resources Industry Risk. The natural resources industry can be significantly affected by events relating to international political and economic developments, energy conservation, the success of exploration projects, commodity prices, and taxes and other governmental regulations.

#### Certain Economic Risks

Expenses May Exceed Income. The expenses of operating a Fund may exceed its income, thereby reducing the capital of that Fund.

Loss on Dissolution and Termination. In the event of dissolution and termination of a Fund, the proceeds, if any, realized from the liquidation of assets will be distributed to investors, but only after satisfaction of the claims of creditors. The ability of investors to participate in the liquidation proceeds, if any, will depend on the value of the Fund's assets so realized and the claims to be satisfied therefrom.

#### Certain Management Risks

Clients Must Rely on Key Individuals. The success of the Firm and its investment strategies will depend largely on the ability of AIM personnel to develop our Models and to implement investment strategies based on the aggregate recommendations of the individual algorithms. If certain AIM personnel were to become unable to participate in the management of the Firm, the consequences to Clients would be material and adverse.

Conflicts of Interest May Arise. AIM is subject to a variety of conflicts of interest. Affiliates of AIM will invest their own assets in certain AIM strategies. In addition, certain employees of AIM may invest in a Fund. However, those employees will likely be charged reduced or no Management Fees, and their accounts in the Fund will likely be charged reduced or no Performance Allocations. Accordingly, such investors may experience substantially greater investment performance from their investments than will other investors.

#### Conflicts of Interest

We are subject to a number of actual and potential conflicts of interests. AIM and its affiliates provide advice to Clients which may have investment objectives and policies that are similar or identical to those of other Clients. The investment returns of Clients will likely differ somewhat from the investment returns achieved by other Clients advised by us. We may give advice and recommend securities to managed accounts or other investment funds that may differ from advice given to, or securities recommended or bought for, Clients, even though its investment objectives may be the same or similar.



AIM and its members, officers, and employees devote as much of their time to the activities of Clients as they deem necessary and appropriate. We are not restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with a Client and/or may involve substantial time and resources of AIM. These activities could be viewed as creating a conflict of interest in that the time and effort of the members of AIM and its officers and employees are not devoted exclusively to the business of Clients but are allocated between the business of Clients and the management of the monies of other advisees of AIM.

Certain investments that may be appropriate for a Client may also be appropriate for other Clients advised by AIM. Investment decisions for clients are made with a view to achieving their respective investment objectives and after consideration of such factors as their current holdings, availability of cash for investment and the size of their investments generally. Frequently, a particular investment may be bought or sold for only a Fund or only one Client or in different amounts and at different times for more than one but fewer than all Clients. Likewise, a particular investment may be bought for a Fund or one or more Clients when one or more other Clients or the Fund are/is selling the investment. It is also possible that we may engage in short sales of an investment owned or being purchased by other accounts managed by the AIM or vice versa. Purchases or sales of the same investment may be made for two or more Clients, including a Fund, on the same date. In order to promote fair and equitable treatment of Clients, AIM has adopted a trade allocation policy (the "Trade Allocation Policy"). The Trade Allocation Policy applies to the allocation of securities purchased or sold by AIM on behalf of its Clients, including those securities purchased or sold through an aggregation ("bunching") of trades. The Trade Allocation Policy is designed to minimize the risk that any particular Client would be systematically advantaged or disadvantaged by the allocation of trades among Clients.

### **Item 9 – Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of AIM and the integrity of AIM's management. AIM has no information to disclose applicable to this Item.

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

#### *Affiliated Investment Vehicles*

Certain AIM-affiliated or AIM-controlled entities act as the general partner of various investment funds that are exempt from registration under the Investment Company Act pursuant to Sections 3(a)(1), 3(c)(5)(C), 3(c)(7) or 3(c)(1) thereof. AIM is the investment adviser or investment manager to most of these investment funds.

#### *Sponsor, General Partner of Fund Clients*

Certain of AIM's affiliated entities act as the sponsor or general partner of Fund Clients. As the sponsor or general partner of Fund Clients, these affiliates manage the Client on behalf of the investors therein, including selecting the Client's investment adviser and engaging affiliates to provide Other Services. To the extent AIM shares in the fees earned by its affiliates, including as an investment manager, it has a conflict of interest in determining whether to engage its affiliates to provide certain services.

#### *Conflicts Procedures*

AIM intends to adopt various policies and procedures to address potential conflicts among various Clients and between AIM and its Clients, which AIM refers to as the "Conflicts Procedures." These policies and procedures, which will be modified from time to time at AIM's sole discretion, require prior review or approval of certain transactions by the Chief Compliance Officer or members of senior management. Relevant policies and procedures for addressing conflicts with respect to a particular Client are described in greater detail in the Client's Governing Documents. With respect to affiliate transactions or other matters giving rise to conflicts of interest, the relevant Governing Documents, in certain instances, may provide for, among other things, consultation regarding, or approval of, such transactions by a person or body, such as an advisory committee comprised of certain of the underlying investors in an investment vehicle.

#### *Beaumont Financial Partners, LLC ("BFP")*

Beaumont Financial Partners, LLC ("BFP"), an SEC registered investment adviser, signed a licensing agreement with the principals of, and purchased a 10% ownership position in, AIM in 2012. BFP increased its ownership to 20% in 2018. AIM provides investment research to BFP for its Decathlon strategies. In return for the research provided, BFP pays the principals of AIM a portion of the fees received by BFP from applicable strategies. BFP has a licensing agreement with AIM to be the sole domestic recipient of their research, with right of first refusal for any new research. BFP also receives profit distributions from AIM resulting from its 20% ownership.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions**

### **Description of Code of Ethics**

AIM has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its Supervised Persons. AIM’s Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non- public information by AIM or any of its Supervised Persons and the trading of the same securities ahead of clients in order to take advantage of pending orders.

AIM mandates the highest standards of ethical conduct and care from all of its personnel, including AIM employees who provide services to AIM (collectively, "AIM Personnel"). AIM Personnel must abide by this basic business standard and must not take inappropriate advantage of their position. AIM Personnel are under a duty to exercise their authority and responsibility for the benefit of the Clients and AIM and are prohibited from having outside interests that inappropriately conflict with the interests of AIM and its Clients. AIM Personnel must avoid circumstances or conduct that adversely affect, or that appear to adversely affect, AIM or its Clients.

AIM Personnel must observe the applicable standards of care set forth in the Code of Ethics and are prohibited from seeking to evade the policies and procedures set forth therein in any way, including through indirect acts by family members or other associates. AIM also maintains various compliance policies to assure compliance with other relevant provisions of the Advisers Act ("Compliance Policies"). AIM Personnel must certify at least annually that they have read, understand, are subject to, and have complied with the Code of Ethics and its various Compliance Policies. AIM Personnel must comply with applicable federal securities laws and must report violations of the Code of Ethics to the Chief Compliance Officer.

Clients and prospective clients may contact AIM to request a copy of its Code of Ethics.

### **Participation or Interest in Client Transactions**

Although AIM does not generally engage in principal transactions with Clients, it does so in limited circumstances in accordance with, and to the extent permitted by, the applicable Governing Documents and the Investment Advisers Act. AIM Clients may engage in cross-transactions with other Clients, as permitted by the relevant Governing Documents. AIM advises Clients that invest side-by-side with other Clients in particular assets.

Also, conflicts of interest typically occur when AIM, its affiliates or any AIM Personnel invest in the same investments, trade in the same investments at or about the same time or have a material financial interest in the same investments that AIM recommends to Clients. The Code of Ethics and the policies and procedures set forth therein have been designed to limit conflicts of interest in cases where AIM, its affiliates or any AIM Personnel, buy, sell, or otherwise have a direct or indirect interest in, investments that AIM has recommended to Clients.

**Personal Trading**

AIM maintains a rigorous and robust Code of Ethics that, among other things, prohibits AIM Personnel from using their knowledge concerning a trade, pending trade, or contemplated investment by any of the Clients, to profit personally as a result of such transaction, including by purchasing or selling such investments.

As required by Rule 204A-1 of the Advisers Act, the Code of Ethics contains a Personal Investment Policy which mandates that AIM Personnel disclose their personal securities holdings and transactions made in a "Reportable Security," as defined in the Code of Ethics. Further, AIM Personnel are generally prohibited from purchasing or selling, for any personal accounts, securities or other obligations of companies or issuers that, at that time, are listed on AIM's "Restricted List," which contains a list of companies or other issuers: (i) about which AIM may possess material non-public information, (ii) to which AIM may owe a fiduciary obligation, or (iii) in which AIM Clients own or intend to purchase an interest. Additionally, AIM Personnel may not invest in an initial public offering or a private placement without the prior written approval of the Chief Compliance Officer or her designee(s).

In addition, the Code of Ethics contains policies and procedures to prevent the misuse of material non-public information by AIM Personnel, including the misuse of material non-public information about its investment recommendations and Client investments and transactions. The Code of Ethics describes what constitutes "material" and "non-public" information and outlines the penalties that AIM Personnel are subject to if they trade on such information.

Moreover, AIM Personnel are prohibited from engaging in "front running." Front running is an illegal practice in which an investment professional takes a position in an investment in advance of an action he or she knows will predictably affect the price of the investment. The Restricted List and the prohibition on front running are intended to prevent conflicts between AIM and AIM Personnel and AIM's Clients.

**Item 12 – Brokerage Practices**

When seeking to employ a securities broker to effect a securities transaction for a Client, AIM will generally consider both qualitative and quantitative factors in selecting such a broker, including, but not limited to, the broker's reliability and execution capabilities for the transaction, the commissions charged by the broker, and the broker's reputation and responsiveness to request for trade data and other financial information.

AIM does not enter into soft dollar arrangements at this time.

AIM and its Supervised Persons do not have any incentive to recommend a specific broker-dealer. Please also see Item 14 for additional information.

**Aggregation**

To the extent that AIM determines to aggregate Client orders for the purchase or sale of securities, including securities in which the Firm's supervised persons may invest, the Firm will generally do so in a fair and

equitable manner in accordance with applicable rules promulgated under the Advisers Act and guidance provided by the staff of the SEC and consistent with policies and procedures established by the Firm.

### **Item 13 – Review of Accounts**

#### **Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

The nature and frequency of Client account reviews will vary greatly; however, AIM will give attention to Client accounts regularly. Additional reviews will occur as necessary to respond to significant changes in market or economic conditions or in a Client's financial circumstances or investment objectives and guidelines. These account reviews will be conducted by AIM's portfolio managers.

#### **Other Reviews**

AIM may perform compliance and/or supervisory reviews of a sampling of Client accounts. These reviews may include comparing an account's strategy and/or allocation to the account's stated objectives, reviewing transaction costs borne by the account, and reviewing the fees, expenses and charges.

#### **Reports**

Investors in Fund Clients will generally receive annual audited financial statements and quarterly unaudited balance sheets, income statements and summary reports on their respective Fund's investments.

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

AIM does not receive benefits from third parties for providing investment advice to Clients. AIM may compensate affiliated and unaffiliated third-parties who introduce or solicit prospective investors they believe would benefit from AIM's investment advisory services. For any "Finder" services, AIM would pay a flat, fixed fee. While we do not currently have any solicitation arrangements, we may in the future, subject to applicable law, employ solicitors to whom we will pay either a portion of the management fees and/or performance fees received from Clients referred by such solicitors.

AIM has adopted written policies and procedures to govern the use of solicitors and placement agents. Among other things, these policies and procedures will require that any agreement AIM enters into with a solicitor be in compliance with Rule 206(4)-3 of the Advisers Act. AIM and/or its Fund Clients may also retain placement agents from time to time to sell shares or interest in Funds to eligible investors, as defined in the Fund's Governing Documents.

### **Item 15 – Custody**

Rule 206(4)-2 of the Advisers Act (the "Custody Rule") sets forth extensive requirements regarding possession or custody of Client funds or securities. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or

has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful).

The Custody Rule requires advisers that have custody of Client funds or securities to implement a set of controls designed to protect those Client assets from being lost, misused, misappropriated, or subject to financial reverses.

In general, AIM is deemed to have custody of assets of Fund Clients due to it or an affiliated entity being the general partner of such Fund Clients. In such cases, AIM will cause such Fund Clients to be audited annually and the audited annual financial statements to be distributed to all investors no later than 120 days after the end of the fiscal year for such Fund Clients. In addition, upon the final liquidation of such a Fund Client, AIM will obtain a final audit and distribute the audited financial statements with respect to such liquidated Fund Client to all investors promptly after completion of the final audit.

At no time will AIM have actual custody or physical control over any Client account's assets.

AIM encourages Clients to carefully review their account statements for any inaccuracies, to include comparing any statements AIM distributes to those received from a third-party administrator or custodian. Any discrepancies should be immediately brought to AIM's attention.

#### **Item 16 – Investment Discretion**

AIM generally has discretionary authority to manage accounts on behalf of its Clients. This authority is limited by the investment objectives, practices and limitations, if any, set forth in each Client's Governing Documents. AIM maintains such discretionary authority pursuant to the investment management agreement between AIM and each Client, along with a power of attorney in AIM's favor, when necessary.

#### **Item 17 – Voting Client Securities**

Given the nature of its business and investment strategy, AIM may vote Client and Fund securities in accordance with the AIM's proxy voting policy.

AIM, as a matter of policy and as a fiduciary to its clients, has responsibility for voting proxies for portfolio securities consistent with the best economic interests of Clients. The Chief Compliance Officer has the responsibility for the implementation and monitoring of AIM's proxy voting policy, practices, disclosures and record keeping, including outlining voting guidelines in AIM's procedures.

Terms and conditions defining and/or limiting the scope of AIM's proxy voting authority and voting obligations, as agreed upon with a Client, may be documented as part of the investment policies and objectives of such Client(s). If a Client elects to retain its proxy voting authority, AIM shall have no voting obligations with respect to any such Client; however, AIM will be required to forward to Client any proxy voting materials and other relevant information that allows Client to vote its own proxies. In such instances, Client will be solely responsible for voting its proxies and AIM will bear no responsibility whatsoever in the event Client fails to vote its proxies or votes in contradiction of its own internal policies.

In the absence of specific voting guidelines from a Client, AIM will vote proxies in the best interests of each particular Client, for those whom it is authorized to vote. AIM's policy is to vote all proxies from a specific issuer the same way for each Client absent qualifying restrictions from a Client. Clients are permitted to place reasonable restrictions on AIM's voting authority in the same manner that they may place such restrictions on the actual selection of account securities.

For those Clients over whom it exercises voting discretion, there could be certain circumstances where AIM may, in its sole discretion, elect to abstain from voting proxies if it believes such action is in the best interests of a particular Client.

In reviewing proposals, AIM will further consider the opinion of management, the effect on management, the effect on shareholder value, and the issuer's business practices.

AIM will conduct annual reviews to identify any conflicts that exist between the interests of AIM and the Client by reviewing the relationship of AIM with the issuer of each security to determine if AIM or any of its employees has any financial, business or personal relationship with the issuer. If a material conflict of interest exists, the Chief Compliance Officer or designee will determine whether it is appropriate to disclose the conflict to the affected Clients, to give the Clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means, such as voting in a manner consistent with a predetermined voting policy or receiving an independent third party voting recommendation.

AIM will maintain a record of the voting resolution of any conflict of interest.

### **Item 18 – Financial Information**

AIM is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to its Clients.

#### **Balance Sheet**

AIM does not require prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore does not need to include a balance sheet with this Brochure.

#### **Contractual Commitments to Clients**

AIM has no financial condition that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to its Clients.

#### **Bankruptcy Petitions**

AIM has never been the subject of a bankruptcy petition.