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This brochure provides information about the qualifications and business practices of Alliance Investment Management, LLC. If you have any questions about the contents of this Brochure, please contact us at 1-800-890-1246. 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.

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

Additional information about Alliance Investment Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2: MATERIAL CHANGES**

Under the Amendments to the Form ADV that was published by the SEC on July 28, 2010, we may provide you with this Summary of Material Changes detailing any material changes that we made to our Brochure since the last annual update dated March 18, 2020. There are no specific material changes to report at this time.

### **Additional Information**

Our Brochure is available free of charge by contacting us at 1-800-890-1246.

Additional information about us is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with us who are registered, or are required to be registered, as one of our investment adviser representatives of our firm.

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## **ITEM 4: ADVISORY BUSINESS**

### **Our Owners and Principals**

We are a Michigan limited liability company established in 2009. We are required to disclose anyone that owns twenty-five percent (25%) or more of our firm's membership interests. Thor W. Nelson is our sole principal and owns more than twenty-five percent (25%) of our firm's membership interests.

### **Our Advisory Services**

We offer investment consulting services and investment management on either a discretionary or non-discretionary basis. The terms of our compensation, method of payment, and other important information about our services are described below, as well as important disclosures. Please do not hesitate to ask us if you have any questions or concerns about these matters.

#### ***Investment Management Services***

We offer investment management services on a discretionary or nondiscretionary basis. If you select us for investment management services, we will ask you to provide us with certain information necessary for us to understand your financial needs and circumstances by completing a background profile, which we call a Client Investment Strategy form. Based upon this information, which you update when any information changes, we work directly with you to recommend an appropriate investment strategy and advise you with respect to one or more investment accounts that you place under our management.

#### ***Investment Management of Your Portfolio***

If you engage us to develop and manage your portfolio on a discretionary basis, we select securities from among various asset classes, based upon your investment strategy, and place orders with one or more unaffiliated brokerage firms for the purchase, sale, or exchange of those securities. Our discretion is limited to purchases, sales, exchanges, and other transactions made in your name or as you may otherwise specifically direct us. Periodically or upon your request, we will discuss your account and investment strategy with you. From time to time, we may make adjustments in the various securities and investment strategies we recommend or use in managing your accounts. Our recommendations may vary among clients based on their differing needs and circumstances. Also, you may impose reasonable restrictions, in writing, on our discretionary authority or place limitations on the types of investments for your account.

If you engage us to develop and manage your portfolio on a non-discretionary basis, we only act on your behalf with your specific authorization. We will periodically review your account holdings in the portfolio and, if appropriate based on the information you provided on your Client Investment Strategy Form, suggest alternative investments for your account from among various asset classes. However, we can only initiate transactions with your prior

approval. You are under no obligation to act upon any of our recommendations and you retain sole discretion to implement, or direct us to implement, our recommendations.

### ***Advice Services for Qualified Plan Participants***

As part of our services to qualified retirement plans, we will provide investment advice (“Advice Services”) as a fiduciary as defined in Sections 3(21)(A) and 3(38) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and Department of Labor (“DOL”) Regulation Sections 2510.3-21(c)(1)(i) and (ii)(B), to plan participants who specifically request such advice. After the plan fiduciary determines that: (a) the advice and the Advice Services constitute appropriate and prudent investment advisory services for plan participants; and (b) the offering of the advice and the Advice Services is permitted under the terms of the applicable plan and trust, the plan fiduciary and our firm will execute the Plan Participant Advice Agreement for ERISA Plans.

Advice Services will be available to plan participants in two ways: (a) by telephone service and (b) in person. Our representatives will gather information concerning plan participant’s time horizon, risk tolerance and investment goals. We will review the information provided and invest the plan participant’s account in accordance with his or her objectives on a discretionary or nondiscretionary basis as elected by the plan participant on the Participant Acknowledgement. Advice Services are provided only to those participants who elect to meet with our representatives and accept our services. Plan participants retain the sole responsibility to update us as to changes in their personal financial information.

### ***Investment Management for Employer-Sponsored Retirement Plans***

We may also render investment advice to you on individual accounts you hold within an employer-sponsored retirement plan pursuant to a written Investment Advisory Agreement between you and our firm. We offer this service on a discretionary or nondiscretionary basis, and, depending on our authority, we will either direct or recommend the allocation of your assets among the various mutual fund or other securities that are available to you within the retirement plan. Depending on the plan’s investment alternatives, you may be permitted to hold your investments in a self-directed segregated account within the plan.

The custodian designated by the plan sponsor maintains your investments within the plan. You may authorize us to use your personal identification number to obtain access to your retirement plan account and manage your account in accordance with the terms of the plan and our Investment Advisory Agreement with you.

### ***Investment Consulting Services***

We offer investment consulting services tailored to your specific requests pursuant to an Investment Consulting Agreement. For example, we will provide a one-time analysis of current investments or produce research reports on specific sectors or industries.

## **Assets Under Management**

We manage your assets on either a discretionary or nondiscretionary basis. As of April 23, 2021, we had \$104,808,130 in client assets managed on a discretionary basis and \$17,587,322 in client assets managed on a nondiscretionary basis.

## **ITEM 5: FEES AND COMPENSATION**

### **Investment Management Services Fees**

Although our fees for our services may be negotiated under certain circumstances, our standard fee schedule is as follows:

<b><u>Our Authority</u></b>	<b><u>Security Type</u></b>	<b><u>Asset Level</u></b>	<b><u>Annual Fee</u></b>
Discretionary*	Stocks (Including MLP, REIT)	\$0 - \$1,999,999	1.00%
		\$2,000,000 – \$3,999,999	0.90%
		\$4,000,000 or more	0.80%
Discretionary*	Exchange Traded Products, Mutual Funds, Fixed Income Investments, Annuities and Unit Investment Trusts	\$0 - \$1,999,999	0.85%
		\$2,000,000 – \$3,999,999	0.75%
		\$4,000,000 or more	0.65%
Discretionary*	Cash & Equivalents and Money Market Funds	\$0 - \$1,999,999	0.50%
		\$2,000,000 – \$3,999,999	0.40%
		\$4,000,000 or more	0.30%
Nondiscretionary	Nondiscretionary Account (All Security Types)	\$0 - \$1,999,999	0.60%
		\$2,000,000 – \$3,999,999	0.50%
		\$4,000,000 or more	0.40%

\*Additional Annual fee for utilizing option strategies: 0.50%

Our fee varies depending on the type of account, our authority, and the type of investments utilized in your investment strategy. For investment advice on your employer sponsored retirement plan, our fee is negotiable. We negotiate this fee with you, depending on the size and complexity of the plan and the desired services, prior to you signing the Investment Advisory Agreement with us.

We charge our fees quarterly in advance based on a percentage of the market value of the assets in your account under our management. However, upon your request and in our discretion, we may agree upon fixed periodic fees for these services. These fixed periodic fees generally range from \$500 to \$10,000 and will be billed and paid based upon our agreement with you.

With respect to our asset based fees, we prorate and charge our fee for your initial quarter based on the value of your assets in the account(s) that you place under our management. Going forward, our fee is calculated at the end of each calendar quarter using the ending balance of your assets in your account(s), multiplied by one-fourth of the applicable annual fee schedule. We do not adjust our fee based on additions to or withdrawals from your account during the quarter. We calculate the value of your assets held in your account as of the end of each month using our portfolio accounting software, which is reconciled to your account custodian. We do not independently value your assets. For assets that have no readily ascertainable market value reported by your custodian, we will discuss with you and agree on an appropriate valuation method in advance.

Our fee schedule assumes our bills will be paid on time. Generally, our Investment Advisory Agreement with you authorizes us to send our invoice to and direct your custodian to debit our fees from your accounts. If you provide us such authorization, at the same time we submit our request for payment to your custodian, you will be sent a notice from us, in writing, stating the exact amount of our management fee and the specific manner or basis on which we calculated our fee. Your management fee payment will show on your custodian statement. You may withdraw this authorization for direct billing of our fees at any time by notifying us or your custodian in writing. If you request to pay our fees directly, our fees are due and payable within a week of receipt of our quarterly invoice. The methods of payment are (1) fee deduction or (2) check or money order.

### **Fees for Advice Services for Qualified Plan Participants**

Our standard fee schedule for Advice Services is as follows:

<b><u>Our Authority</u></b>	<b><u>Plan Participant Account Balance</u></b>	<b><u>Annual Fee</u></b>
Discretionary	\$0 - \$1,999,999	0.90%
	\$2,000,000 – \$3,999,999	0.70%
	\$4,000,000 or more	0.50%
Nondiscretionary	\$0 - \$1,999,999	0.60%
	\$2,000,000 – \$3,999,999	0.50%
	\$4,000,000 or more	0.40%

Our fee varies depending on our authority to invest the plan participant account as stated above. The annual fee is payable quarterly, in advance, based on the value of the accounts of those plan participants electing Advice Services as of the last day of the prior quarter, as reported by the plan's custodian. The value of the assets is multiplied by one-fourth of the applicable annual fee schedule. Fees for a partial quarter will be prorated based on the number of calendar days the plan assets are under our management.

The plan sponsor determines method to pay the total fees for all plan participants electing Advice Services. Any fees billed directly to plan sponsor are payable 30 days from the date of invoice. Any amounts due after that time will be deducted directly from the accounts of plan participant electing Advice Services. Fees deducted from any plan participant's account will be based on the value of that plan participant's account as of the last day of the prior quarter.

### **Fees for Investment Consulting Services**

Generally, we charge a fixed fee for our investment consulting services, which varies depending upon the nature of the project, its complexity, the anticipated time required, and other factors. We agree with you on the specific fixed fee and billing practices for the project when you sign the Investment Consulting Agreement with us. With the exception of larger projects, we do not require an advance or deposit for our fee, which is due and payable when we complete our investment consulting project. Typically, fees for our consulting services will be billed to, and paid by you. The methods of payment are (1) fee deduction or (2) check or money order.

### **Additional Information Concerning Fees**

Our minimum annual fee for all accounts and services, except Advice Services to plan participants, is \$1,000, which we may waive at our discretion. Upon your request, we may aggregate related accounts for spouses and minor children for purposes of calculating portfolio valuation and our fees. We may negotiate our fees taking into consideration such things as the number and size of your accounts, your relationship with other clients, the length of our



relationship with you, the complexity of your personal circumstances or desired investment strategies and other factors.

Our fees do not include brokerage commissions, transaction fees, and other related costs and expenses which you will incur. Brokerage fees and charges for foreign securities may be higher than for domestic securities. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are in addition to our fee, and we do not receive any portion of these commissions, fees and costs. If you choose a broker-dealer to act as the account custodian, you may or may not incur additional custodial charges. If you choose a separate custodian, you will also pay custodial fees and charges for your account.

We may incur travel expenses while working with you. When applicable and agreed upon in advance, we invoice these travel expenses at our cost without markup or service charge. Such travel expenses are due and payable when invoiced.

### **Termination of our Agreement**

You may terminate your Investment Advisory or Investment Consulting Agreement with us, without penalty and with a full refund of our initial fee, by giving us written notice within five (5) business days after signing our agreement. After that either of us may terminate our Investment Advisory or Investment Consulting Agreement by providing the other party with seven (7) days' prior written notice. You may immediately give notice to terminate our agreement after receipt of our notice of any proposed assignment of our agreement.

We prorate your investment advisory fee from the effective date of termination and refund you, within 30 days of termination, any prepaid fees for the current quarter after deducting any costs incurred through the date of termination. If we require a deposit for a large investment consulting project, we will prorate and automatically refund any unearned consulting fees based upon our good faith estimate of the time and effort expended on the engagement prior to the receipt of the termination notice. You will be responsible for reimbursing us for any of our out-of-pocket expenses incurred while engaged by you. After our agreement is terminated we have no further duties or obligations to you under our agreement.

Either of us may terminate the Plan Participant Advice Agreement for ERISA Plans by providing the other party with seven (7) days' prior written notice. After termination of the agreement, Advice Services will no longer be available to plan participants. You may immediately give notice to terminate our agreement after receipt of our notice of any proposed assignment of our agreement.

With respect to any prepaid fee, a prorated portion of the prepaid amount will be returned to the plan sponsor or the plan participant as appropriate based on the number of days remaining in the applicable quarterly period after the termination date. Termination of our agreement will not affect liabilities or obligations incurred or arising from transactions initiated under the

agreement prior to the termination date, including any pending transactions. After the termination Date, we will have no further duties or obligations to the plan participants.

#### **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of your assets).

#### **ITEM 7: TYPES OF CLIENTS**

We provide investment advice to individuals, pension and profit sharing plans, trust, estates, charitable organizations, corporations, other investment advisers or other business entities.

Our annual minimum consolidated account/ relationship fee, except Advice Services to plan participants, is \$1,000, which we may waive in our discretion.

#### **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

##### **Methods of Analysis**

We utilize fundamental analysis to evaluate securities for potential investments. Fundamental analysis is a technique that attempts to determine a security's value by focusing on the economic well-being of a financial entity as opposed to only its price movements. When conducting fundamental analysis, we will review a company's financial statements and consider factors including, but not limited to, whether the company's revenue is growing, if the company is profitable, if the company is in a strong enough position to beat its competitors in the future, and if the company is able to repay its debts. Because it can take a long time for a company's value to be reflected in the market, the risk associated with this method of analysis is that a gain is not realized until the stock's market price rises to the company's true value.

We also utilize technical analysis to evaluate potential investments. Unlike fundamental analysis, technical analysis does not analyze the company's value, but instead analyzes the stock's price movement in the market. Charting is a form of technical analysis in which the various technical factors are diagrammed in order to illustrate patterns. Technical analysis studies the supply and demand in the market in an attempt to determine what direction, or trend, will continue in the future. Cyclical analysis is another form of technical analysis which focuses on the regularity of movements in the stock market and times trading to coincide with anticipated market cycles. However, there are risks involved with this method, including the risk that the trends will change unpredictably, which is why we use a combination of methods and obtain information from a variety of sources.

In addition to the traditional methods of analysis described above, we created and take into consideration our proprietary Investment Conditions Rank (“ICR”) that reflects our professional judgment about the potential effects of current worldwide political, economic, and financial trends. This ranking system is partly qualitative based on our analysis of current events and partly quantitative using pre-selected global economic and market data. Our ICR is compared with similar historic timeframes to consider potential market implications. Using this and other methods of analysis and investment strategies we seek to achieve an appropriate balance of risk and return for each client.

We obtain information from a number of sources, both public and by purchase, including financial newspapers and magazines, research materials prepared by third-parties, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC and company press releases. We believe these resources for information are reliable and regularly depend on these resources for making our investment decisions; however, we are not responsible for the accuracy or completeness of this information.

### **Investment Strategies**

We recommend a flexible approach to managing your investable assets, referred to as a tactical asset allocation methodology. The strategy allows us to readjust your asset allocation based on our proprietary risk and return analysis of each asset class and individual securities held in your account. To accomplish this strategy we may use long-term purchases (held at least a year), short term purchases (held less than a year), trading (held less than 30 days), margin transactions (purchase of a security on credit extended by a securities company), and option writing (selling an option).

Based on the information you provided in the Client Investment Strategy form, we develop an investment plan suited to your unique situation. We may review multiple strategies with you to develop investment recommendations that match your performance goals and tolerance for risk. Our recommended strategies may include equity and/or fixed income portfolios. Some or all of the following equity strategies can be added to a customized fixed income portfolio. We may make changes in these strategies from time to time based upon a wide range of economic, political, and other factors. When we make changes to one of these strategies, we may make corresponding changes to your portfolio, resulting in purchases, sales, or exchange transactions, which result in brokerage and custodial fees and may have income tax consequences. Generally, we do not offer tax advice or base our investment recommendations on income tax considerations.

Here is additional information on the investment strategies we may use in your portfolio:

#### ***Alliance Growth Focused***

This strategy is designed for investors who want an actively managed portfolio of individual securities that offer historic and/or projected growth rates that are anticipated to exceed peers. The sector weighting process utilizes our proprietary ICR, and our selection of

individual securities focuses on profitable, small, mid and large capitalization companies based in the U.S. and internationally.

### ***Alliance Yield Focused***

This strategy is designed for investors who want an actively managed portfolio of individual securities that offer yields (income) that are anticipated to exceed peers. The sector weighting process utilizes our proprietary ICR, and our selection of individual securities focuses on profitable, small, mid and large capitalization companies based in the U.S. and internationally.

### ***Alliance Top Funds***

This strategy is designed for investors who want a diversified, actively managed portfolio of mutual funds and/or ETFs/ETNs. The fund category weightings process utilizes our proprietary ICR, and we select all mutual funds based on the comparison of their performance history, management tenure, and other fundamental characteristics. The mutual funds will be no-load funds, but may have transaction fees.

### **Types of Investments and Risk of Loss**

We offer advice about a wide variety of investment types, including common stocks, bonds, mutual funds, index funds, ETFs/ETNs, options and interests in partnerships investing in real estate or oil and gas interests, each having different types and levels of risk. We may also give advice about fixed or variable annuities, though typically only if such investments are already held by a client. We also provide reviews, upon request, for partnerships invested in financially-related industries. We will discuss these risks with you in determining the investment objectives that will guide our investment advice for your account. We will explain and answer any questions you have about these kinds of investments, which present special considerations such as the following.

Investing in securities involves risk of loss that you should be prepared to bear. Obtaining higher rates of return on investments typically entails accepting higher levels of risk. We work with you to attempt to identify the balance of risks and rewards that is appropriate and comfortable for you. However, it is still your responsibility to ask questions if you do not fully understand the risks associated with any investment or investment strategy.

Also, while we strive to render our best judgment on your behalf, many economic and market variables beyond our control can affect the performance of your investments and we cannot assure you that your investments will be profitable or assure you that no losses will occur in your investment portfolio. Past performance is one relatively important consideration with respect to any investment or investment advisor, but it is not a predictor of future performance.

### ***General Market Risks***

The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events. In addition, fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

### ***Mutual Funds, Index Funds and Exchange Traded Products***

Mutual funds and ETFs/ETNs typically charge their shareholders various advisory fees and expenses associated with the establishment and operation of the funds. These fees will generally include a management fee, shareholder servicing, other fund expenses, and sometimes a distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge. These separate fees and expenses are disclosed in each fund's current prospectus, which is available from the fund or we can provide it to you upon request.

Consequently, for any type of fund investment, it is important for you to understand that you are directly and indirectly paying two levels of advisory fees and expenses: one layer of fees at the fund level and one layer of advisory fees to us. Generally speaking, most mutual funds may be purchased directly, without using our services and without incurring our advisory fees. Also, many mutual funds pay shareholder servicing fees (12b-1 fees) to brokerage firms and their registered representatives in consideration of their services to the fund's shareholders. We do not receive any of these mutual fund fees.

Most mutual funds offer several "classes" of their shares which may be purchased by different types of investors or investors with different investment objectives. These are also described in the mutual funds' prospectuses. We consider the potential trading costs and the internal fund costs. These costs are then reviewed with your investable assets, investment objectives, and time horizon, when determining which of the different classes may be more appropriate for your circumstances. We can discuss with you the available classes of mutual fund shares that may be available, the different purposes for which they may be purchased, and the differences in commissions and charges associated with each share class.

### ***Master Limited Partnerships***

Master Limited Partnerships ("MLPs") are unique investments that combine the tax benefits of a limited partnership with the liquidity of common stock. The underlying risks associated with the energy industry and the sector of the energy market include: credit restriction is generally negative for all MLP's as are rising interest rates and poor economic conditions such as increasing unemployment or negative GDP growth. Shrinking usage of hydrocarbons in general would reduce the revenues of energy related MLP's. Many MLP's are in regulated businesses such as natural gas transmission. They are reliant on rates set by the government as well as overall government regulatory and safety issues. These policies could be changed by the federal or state authorities. Finally, there is also the risk that the government may change the

taxation on MLP's in general or may revoke the pass-through status of MLP's specifically. If requested, we will discuss the specific risks associated with a particular MLP.

### ***Real Estate Investment Trusts***

Real Estate Investment Trusts ("REITs") are traded on the major exchanges and offer investors liquidity when investing in real estate. The underlying risks associated with real estate and the sector of the real estate market include: credit restriction is generally negative for all real estate as are rising interest rates and poor economic conditions such as increasing unemployment or negative GDP growth. There is also the risk that the government may change the taxation on real estate in general or may revoke the pass-through status of REITs specifically. Finally, there may be macro-economic events, changes in government policies, acts of God, or other currently unanticipated circumstances which may result in losses. If requested, we will discuss the specific risks associated with a particular REIT.

### ***Variable Annuities***

Variable annuities are highly complex financial products offered by insurance companies. Investment in a variable annuity contract is subject to both general market risk and the insurance company's credit risk. These and other risks are described in the variable annuities' prospectuses. Variable annuities are regulated under both securities and insurance laws and related rules and regulations. Variable annuities offer various benefits and features which may or may not have value to you depending on your circumstances, which we can discuss with you. Like other types of investments, commissions are paid for the purchase of variable annuities and there may be substantial surrender charges. These commissions, surrender charges, and other expenses are disclosed in the prospectus.

Like mutual funds, insurance companies charge a variety of fees and charges against the assets invested in the separate accounts of their policy holders. As noted above, this means that there are two layers of advisory fees incurred—one layer by the insurance company and one layer to our firm for our advisory services.

## **ITEM 9: DISCIPLINARY INFORMATION**

As a registered investment adviser, we are required to disclose all material facts regarding any legal or disciplinary events about our firm and our management persons that would be material to your evaluation of our firm or the integrity of our management. We have no legal or disciplinary events to disclose (i.e., criminal or civil action or administrative proceeding before a regulator or self-regulatory organization (SRO) proceeding).

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As a registered investment adviser, we must disclose information regarding our business activities, other than giving investment advice, our other activities in the financial industry, and

any arrangements with related persons that are material to you or our advisory business. We are also required to disclose if we receive cash or other economic benefits from a third-party in connection with advising you. We have no information applicable to disclose.

As of April 1, 2021, Alliance Investment Management, LLC is the fund manager and investment advisor to Smith & Associates Financial Fund, LLC (SAFF). SAFF was formally known as Smith & Assoc. Great Lakes Financial Fund, L.L.C. at its inception in 1995. On October 2, 2002, the fund name was amended to its current name. SAFF qualifies for the exclusion from the definition of an investment company under Section 3(c)(1) of the Investment Company Act of 1940, as amended. The fund is currently not available to new investors. Some clients of Alliance Investment Management, LLC are also investors in SAFF. When Alliance Investment Management, LLC calculates our investment management fee, we do not include the value of SAFF with the client's separately managed accounts.

#### **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

We have adopted a Code of Ethics describing the standards of business conduct we expect our owners, managers, directors, employees, and advisory representatives to follow. The Code governs our personal securities trading activities and reporting requirements.

We, and our employees, may buy or sell securities for our own accounts, otherwise known as proprietary accounts, or hold a position in a security that we also recommend to clients. There may be many similarities in portfolio holdings among these proprietary accounts and your accounts. If we do recommend the purchase or sale of a security to you, we will ensure that our transactions and those of our employees do not adversely affect you or improperly benefit the employee. Employee transactions are completed after all client transactions have been made. Orders for your account may sometimes be aggregated or "batched" into one large order with other client accounts in accordance with our trade aggregation and allocation policy described in more detail in the "**Trade Allocation Policy**" section below starting on page 14. Aggregated orders may achieve better execution for all participating accounts and we fairly allocate those benefits among all participating accounts.

You may request a copy of our Code by contacting Thor Nelson, our CEO and Chief Compliance Officer, at 1-800-890-1246 or [thor@allianceim.com](mailto:thor@allianceim.com).

#### **ITEM 12: BROKERAGE PRACTICES**

Although we do not require you to use a specified broker-dealer, we have established a brokerage relationship with Charles Schwab & Co., Inc. a registered broker-dealer for custodian and brokerage services. We are independently owned and operated and are not affiliated with Schwab. In selecting Schwab we considered our confidence in the custodian, competitive rates for transactions, availability of no-load, no transaction fee mutual funds, website features, and its

availability of research and custodial services. As a result of these additional services, you may pay commissions in excess of those which the broker, or another broker, may charge for transactional services alone. We, however, must determine in good faith that the amount of any commission paid is reasonable in relation to the value of the brokerage and research services provided, viewed in terms either of a particular transaction or our overall responsibilities with respect to our discretionary accounts. We must also determine that any services we receive provide lawful and appropriate assistance in our investment decision-making responsibilities.

Schwab offers independent investment advisory firms like us support products and services, such as institutional trading and custodial services, through their program Schwab Adviser Services™. To receive these services we must maintain a total of at least \$10 million of our client's assets in accounts at Schwab. These services are generally available to independent investment advisors on an unsolicited basis, at no charge, so long as we maintain a total of at least \$10 million of our clients' assets in accounts at Schwab. As a result, these services are contingent upon us committing a specific amount of business, assets in custody, to Schwab.

Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or to accounts with a significantly higher minimum initial investment. Generally, if you choose Schwab as your custodian Schwab does not charge your accounts a separate custodial fee, but instead charges commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also offers us other products and services that assist us in managing and administering clients' accounts, but may not directly benefit your accounts. We may use many of these products and services to service all or some substantial number of our client accounts, including accounts not maintained at Schwab. These Schwab products and services include software and other technology that (1) provide us access to client account data, such as trade confirmations and account statements; (2) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (3) provide research, pricing and other market data; (4) facilitate payment of our fees from our clients' accounts; and (5) assist with back-office functions, recordkeeping and client reporting.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services may include compliance, legal and business consulting, publications and conferences on practice management and business succession and access to employee benefits providers, human capital consultants and insurance providers. Schwab may also provide other benefits to us, such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend that you custody your assets at Schwab, we may take into account the availability of some of these products and services and other arrangements as part of the total mix of factors we consider, in addition to the nature, cost or quality of custody and brokerage services, which may create a potential conflict of interest. However, to mitigate this conflict we do not limit the benefit of these products and services to



only clients utilizing Schwab as their custodian. We use the research and other services provided by Schwab or other institutions with which our clients have accounts for the benefit of all clients. Unless directed otherwise, we seek to negotiate commissions, mark-ups, and other brokerage fees to ensure a reasonable rate based on multiple factors including execution prices which we review annually to determine their reasonableness.

While our receipt of research and other services or products from Schwab or other financial institutions may create an incentive for us to recommend Schwab as your custodian, we also mitigate this conflict by allowing you to direct us, in writing, to use a different custodian. You should understand that, in the case of such a directed brokerage arrangement:

- You are solely responsible for negotiating the terms and arrangements with these brokers and dealers, and we have no responsibility for reviewing the fairness of those terms and arrangements;
- We will not seek better execution services or prices from other brokers and dealers in connection with transactions for your account;
- We will not be able to “batch” or “aggregate” transactions for your account with transactions for our other clients not subject to a similar such arrangement;
- We will not monitor the performance of or services provided by the brokers and dealers you choose; and
- As a result, you may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for your account than would otherwise be the case.

However, we may seek better execution services or prices from other brokers or dealers or “batch” your transactions for execution if such action is required by law or fiduciary duties, including but not limited to, the fiduciary duty provisions under the Employee Retirement Income Security Act of 1974, as amended, if you are a plan subject to ERISA, or if the designated broker or dealer is unable or unwilling to effect a particular transaction or transaction, which may occur with certain transactions involving fixed-income securities. If you choose to direct brokerage, from time to time we may ask you to confirm your direction to use a brokerage firm other than Schwab.

### **Trade Allocation Policy**

We have adopted a trade allocation policy to govern how we handle the aggregation of orders for more than one client’s account. From time to time and only where appropriate, we may aggregate orders for securities transactions for more than one client and, in appropriate circumstances, may include proprietary accounts. In doing so, we strive to treat each client fairly and will not favor one client or a proprietary account over another client. When executed, we will allocate the aggregated order in accordance with policies and procedures intended to achieve fair treatment. The purpose of aggregating orders is for our administrative convenience and, in some transactions, to obtain better execution for the aggregated order than might be achieved by processing each of the transactions separately.

We will not aggregate orders for a client having a directed brokerage relationship with a client who does not have a directed brokerage relationship with the same broker-dealer if, by doing so, the directed-brokerage client would receive any undisclosed rebate or extra economic benefit than is obtained by other clients participating in the aggregated order on a pro rata basis. A consequence of not aggregating a client's order with other orders for the same securities is that the client may not obtain as good a price or as low a cost in a separate transaction as clients whose orders have been aggregated.

Each account that participates in an aggregated order will participate at the average share price for all transactions ordered by our firm in that security on a given business day. If permitted by the broker-dealer effecting the transaction, transaction costs will be shared on a pro rata basis. Some broker-dealers charge brokerage commissions to each participating client in accordance with the size of that client's share of the aggregated order, regardless of the total size of the aggregated order. If an aggregated order is not filled in its entirety, it will be allocated among participating accounts on fair and equitable basis, which is typically a pro rata basis.

### **ITEM 13: REVIEW OF ACCOUNTS**

#### **Reviews**

The frequency and triggering factors for internal account reviews depend upon the services we provide to you. If we provide you with investment management services, we review your account on a quarterly basis to ensure that your Client Investment Strategy is implemented in the following areas: asset allocation, risk tolerance, and cash available for anticipated withdrawal needs. We also review performance against assigned benchmarks. Our review may be triggered by financial, economic, geo-political, or other events affecting national or regional economies, industries, segments, or specific companies. Reviews may also be triggered by changes in strategic asset allocation models or circumstances affecting specific customized investment portfolios.

If we provide you with investment consulting services, our reviews will be prepared as agreed upon in the Investment Consulting Agreement. Our level of review depends upon your request. Mr. Nelson, our CEO and Chief Compliance Officer, conducts all reviews for our firm.

#### **Reports**

If we provide you with investment management services, we send you reports, at least quarterly, stating your account performance, asset allocation, securities held in your account, and any purchase or sale of securities within your account. We may also send you monthly reports detailing all purchases and sales of securities within your account and periodic month end performance updates. If you utilize our investment consulting services, reports are provided as agreed upon with you prior to signing the Investment Consulting Agreement.

In addition to our reports, you will receive monthly or quarterly account statements from your custodian summarizing your current holdings and transactions in your account(s). Our reports may vary from custodial statements based on accounting procedures (i.e., accrual interest) and reporting dates (i.e., trade date versus settlement date).

#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

We are required to disclose if we receive an economic benefit from a third party, who is not a client, for providing investment advice or other advisory services to our clients. We are also required to disclose whether we compensate anyone who is not a supervised person of our firm for client referrals. We do not have any referral or solicitation arrangements.

#### **ITEM 15: CUSTODY**

As described in “FEES AND COMPENSATION” beginning on page 3, you may authorize us to send our invoice to and direct your custodian to debit our fees from your accounts. If you provide us with this authorization, we are deemed to have constructive custody of your account. You will receive statements from the broker-dealer, bank or other qualified custodian that holds and maintains your investment assets at least quarterly. We urge you to carefully review such statements and compare such official custodial records to the account reports that we may provide to you, as described in the “**REVIEW OF ACCOUNTS**” beginning on page 15. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Alliance Investment Management, LLC is the fund manager and investment advisor to the Smith & Associates Financial Fund, LLC (SAFF). We are deemed to have custody of the fund. The assets of SAFF are held and maintained at Macatawa Bank in Holland, Michigan which is independent of Alliance Investment Management, LLC. Investors in SAFF receive audited financial statements within 120 days after the fiscal year of SAFF as well as quarterly statements from the custodian. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Additional details regarding SAFF can be found in “**OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**” beginning on page 12.

#### **ITEM 16: INVESTMENT DISCRETION**

If you engage us to provide discretionary investment management services, discretionary authority grants us the ability to determine, without obtaining your specific consent, the securities to be bought or sold for your portfolio, the amount of securities to be bought or sold, and in limited cases, the broker or dealer to be used and the commission rate to be paid. In all cases, however, such discretion is to be exercised in a manner consistent with your stated investment objectives for the account and by considering the size of your account and your risk

tolerance. Also, you may sign an agreement with your custodian which generally includes a limited power of attorney granting us authority to direct and implement the investment and reinvestment of your assets within the account.

We do not have discretionary authority over your account when we provide our other investment advisory services. In no event, even when we are acting with discretionary authority, do we have authority to transfer assets out of your account and, except for granting custodian permission to deduct our fees, as described in “**FEES AND COMPENSATION – Additional Information Concerning Fees**” beginning on page 5, we have no authority to make withdrawals from your account. If you desire to make withdrawals or transfers, we can assist you in completing the appropriate documentation or in contacting the appropriate person at your account custodian. Per your request, we can assist with a withdrawal if the transfer is to another account with the exact same title/owner, or when you have signed documentation with the custodian linking your account to your personal checking or savings account.

#### **ITEM 17: VOTING CLIENT SECURITIES**

As a matter of firm policy and practice, we will not be responsible for responding to proxies that are solicited with respect to annual or special meetings of shareholders of securities held in your account. However, you may contact us if you have questions about a particular solicitation. You will be responsible for directing your custodian, in writing, on where your proxy solicitation materials should be forwarded for response and voting. The plan fiduciary of your ERISA plan expressly retains the authority and responsibility for voting any proxies and we are expressly precluded from voting the plan’s proxies.

#### **ITEM 18: FINANCIAL INFORMATION**

As a registered investment adviser, we are required to provide you with certain financial information, such as a balance sheet, or disclosures about our financial condition if we have financial commitments that impair our ability to meet contractual and fiduciary commitments to you or if our firm requires prepayment of more than \$500 in fees per client, six months or more in advance. We do not require prepayment of fees, we have not been the subject of a bankruptcy proceeding and do not have any financial commitments that would impair our ability to meet any contractual or fiduciary commitments to you.

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