
MITTLEMAN BROTHERS
INVESTMENT MANAGEMENT

Mittleman Investment Management, LLC
Part 2A of Form ADV

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This brochure (“**Brochure**”) provides information about the qualification and business practices of Mittleman Investment Management, LLC. If you have any questions about the contents of this Brochure, please contact us at 212-217-2340, or via email at compliance@mittlemanbrothers.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority. We are an SEC-registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Mittleman Investment Management, LLC is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our CRD number is 138338.

ITEM 2 MATERIAL CHANGES

Mittleman Investment Management, LLC is pleased to provide its clients with this Brochure, which is our Form ADV Part 2A. Other than updates related to certain conflicts, risks, and other disclosures associated with our relationship with our parent company, Aimia Inc. (“**Aimia**”), along with a change in the role our Chief Investment Officer had with Aimia, as well as our planned addition of Charles Schwab & Co., Inc. (“**Schwab**”) as a broker and custodian for our clients’ accounts, we have not experienced any other material changes which require disclosure in this Brochure.

This Brochure contains important information about the business practices of Mittleman Investment Management, LLC, as well as a description of potential conflicts of interest relating to our advisory business that could affect a client’s account advised by us. This Brochure includes clarifying information about fees, expenses, risks and conflicts of interest. In addition, as with past practices, we have made routine updates throughout the Brochure to improve and clarify the description of our business practices, compliance policies and procedures, as well as to respond to evolving industry best practices.

You may request the most recent version of this Brochure by contacting our Chief Compliance Officer, Stephen G. Bondi, at 212-217-2340, or via email at compliance@mittlemanbrothers.com.

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ITEM 4 ADVISORY BUSINESS

Mittleman Investment Management, LLC (“MIM,” “we,” “our,” or “us”) is a limited liability company formed under the laws of the State of New York.

We began providing discretionary portfolio management and advisory services with a focus on domestic and foreign equity securities in 2005. We are an indirect wholly-owned subsidiary of Aimia AM Holdings Inc. (“Holdings”), a holding company organized in the State of Delaware. 100% of the voting interests of Holdings is owned indirectly by Aimia Inc. (“Aimia”), a publicly traded company listed on the Toronto Stock Exchange (Ticker: AIM:CN).

We serve as an investment adviser and provide asset management services to high-net-worth individuals and various types of institutional clients described below in “*Item 7 – Types of Clients*” and to one private investment fund. We conduct research, make investment decisions for our client accounts, and generally select the broker-dealers for the execution of client transactions. Additional details are provided below in “*Item 12 – Brokerage Discretion.*”

As of December 31, 2021, we managed approximately \$162 million of net assets on a discretionary basis. We do not provide investment management services on a non-discretionary basis.

A. SEPARATELY MANAGED ADVISORY ACCOUNTS

Separately Managed Accounts (“SMAs”) are managed in accordance with the terms, conditions, guidelines, and limitations contained in Investment Advisory Agreements or Investment Management Agreements (either, an “IMA”) between us and our corresponding client. In general, we do not tailor our asset management strategy to the individual requests of our clients (that is, client portfolios typically all contain the same securities), although position weightings of investments in our clients’ accounts will typically vary as we make independent allocation decisions with respect to each client account. Under limited circumstances, if acceptable investment guidelines or investment restrictions are requested by an institutional investor, we have, and will consider such on a case-by-case basis.

B. PRIVATE FUND (AFFILIATED WITH AND MANAGED BY US)

We advise one affiliated private investment fund, Precog Capital Partners, L.P. (“Precog”). We manage Precog in accordance with the objectives and investment strategies described in its offering documents. The terms, conditions, risks, and fees pertaining to an investment in Precog are outlined in Precog’s Private Placement Memorandum and other applicable offering documents. Our SMA clients are under no obligation to consider, or to make, an investment in Precog. See additional details regarding conflicts of interest below in “*Item 8 - Methods of Analysis, Investment Strategies & Risk of Loss*” and “*Item 11 - Code of Ethics, Participation of Interest in Client Transactions and Personal Trading.*”

Aimia is a significant investor in Precog with ownership of more than 80% of its limited partnership interests as of December 31, 2021. While this investment provides a wider capital base to absorb the operating expenses of Precog, it does require us to treat Precog as a proprietary account which means that in situations where we trade in the same securities for Precog and SMAs on the same day, Precog will not receive a better trade price than any SMA unless such SMA is also considered a proprietary account. See additional details regarding fees below in “*Item 5 – Fees and Compensation,*” and regarding conflict of interest below in “*Item 8 - Methods of Analysis, Investment Strategies & Risk of Loss*” and “*Item 11 - Code of Ethics, Participation of Interest in Client Transactions and Personal Trading.*”

Investing in Precog involves various risks, including but not limited to: the potential for complete loss of principal, liquidity constraints, and a lack of transparency. Unlike liquid investments that a client may maintain, Precog does not provide daily liquidity or pricing. Each prospective investor interested in

investing in Precog is required to complete a Subscription Agreement in which the prospective investor attests that it meets the qualifications to invest in Precog and further acknowledges and accepts the various risks associated with such an investment.

We serve as the investment manager to Precog and provide investment advice thereto in accordance with the investment objectives, policies, and guidelines set forth in Precog’s offering documents, and not in accordance with the individual needs or objectives of any particular investor therein. In general, investors in Precog are not permitted to impose restrictions or limitations. However, we have entered and may again enter into side letter agreements with one or more investors that may alter, modify, or change the terms of the interest(s) held by these investor(s). See “*Item 5B – Fees and Compensation, Precog.*”

Throughout this Brochure, discussions of Precog are separated from our discussions about matters that relate to our SMA clients except where such separation is unnecessary because Precog and our SMA clients are treated in the same or substantially the same manner.

ITEM 5 FEES AND COMPENSATION

Management Fee

We act as the investment adviser to Precog and SMAs. Generally, we are compensated for investment advisory services by our clients based upon the value of the assets in their respective SMAs. These are referred to as “**asset-based fees**” or “**Management Fees.**” In the case of Precog, such Management Fees are calculated based upon the value of Precog’s net assets.

Performance-based Fees or Allocations

For Precog, and for one of our non-U.S. SMAs, which is an Australian registered private fund, we are entitled to receive performance-based “incentive allocations” or performance fees in accordance with Rule 205-3 of the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder (the “**Advisers Act**”).

Management Fees and performance-based fees and allocations payable by our clients are described in Precog’s offering documents, which are provided to investors of Precog, and in each SMA account holder’s IMA. A performance-based fee or allocation creates an incentive for us to make riskier, more speculative investments than would be the case under a solely asset-based fee arrangement. However, regardless of the fee arrangements, we expect that accounts we manage according to the same investment strategy will be invested in the same securities with similar position weightings. See “*Item 6 - Performance-Based Fees and Side-by-Side Management*” and “*Item 12 - Brokerage Practices.*”

Other Fees and Compensation

We are an indirect wholly-owned subsidiary of Aimia. Shares of Aimia’s common stock and/or other securities issued by Aimia or its affiliates (collectively, “**Aimia Securities**”) are currently held in the investment accounts of our clients. We have and may determine in the future to sell or to purchase Aimia Securities for our clients’ accounts though unless specifically requested and instructed by the account owner, we do not intend to sell, initiate or increase positions in Aimia Securities for “**Retirement Accounts**” (that is, accounts for Individual Retirement Accounts, Simplified Employee Pension (SEP) Plans, 401(k) Plans, Profit Sharing Plans, Defined Benefit Plans, and Defined Contribution Plans and any other retirement account). We are not likely to include Aimia Securities in any newly opened client accounts. For additional details on Aimia Securities in newly opened client Retirement Accounts, see below “*Item 5A Retirement Accounts.*”

A portion of the compensation for certain MIM employees is borne by Aimia for services these persons provide to, Aimia. Effective as of March 30, 2022, Christopher P. Mittleman (“**Chris Mittleman**”), our Chief Investment Officer (“**CIO**”), no longer serves as the Chief Investment Officer of Aimia or as the Chairperson of Aimia’s Investment Committee although he may continue to provide certain investment ideas or advice to Aimia. In addition, effective May 6, 2022 Chris Mittleman no longer serves as a member of Aimia’s Board of Directors.

Chris Mittleman and certain other MIM employees hold a significant personal ownership interests in Aimia Securities. The ability of our CIO and certain of our other employees to act in their own interests with respect to their Aimia-related roles and their related compensation, including any potential incentive compensation, as well as their equity and equity-linked ownership of Aimia Securities including the potential receipt of Aimia Securities related to earn-out and escrow arrangements whereby those shares would be awarded upon them reaching a certain trading price for a period of time or upon MIM reaching a certain level of assets under management, creates a conflict of interest between us, as an adviser to our clients, and certain of our employees, on the one hand, and our clients, on the other because the employee’s interest may not be aligned with those of our clients (e.g., our CIO may have an incentive not to sell Aimia Securities in client accounts even if he feels they have reached fair value), and our employees may sell Aimia Securities he/she owns personally at a different time, or on different terms, than how we may sell the security for client accounts. For a discussion of material conflicts of interest created by the receipt of such compensation, please see “*Item 11 - Code of Ethics, Participation of Interest in Client Transactions and Personal Trading*”.

A. SEPARATELY MANAGED ACCOUNTS

Our SMA clients are billed an annual asset-based management fee, typically at our standard rate of 1.5% of the market value of the assets managed by us. For certain clients, their account fee rate, the timing of their fee payment, or the billing related to that fee is lower than, or different from our standard rate and fee terms as a result of particular negotiations the client had with us. Such circumstances shall include, among others, the size or the expected potential size of the client’s portfolio and whether their IMA contains a most favorable rate provision.

The minimum asset level for new SMA relationships is generally \$5,000,000. However, in our sole discretion, we have reduced, and we may in the future reduce our minimum asset requirement based upon certain criteria, including but not limited to: anticipated future additional assets inflows, the dollar amount of assets to be managed, account relationships, account composition, and individual negotiations with a client.

Generally, IMAs executed between us and our client(s), in addition to brokerage or custodial agreements, authorize the account’s custodian to debit our management fees directly from our clients’ brokerage or custodial account(s) in compliance with applicable regulations. In certain cases, based upon the specific request of a client, we bill the client directly, in which case, payment is typically due upon receipt. Unless otherwise provided for in a client’s IMA, asset-based management fees are billed quarterly, in advance, and are calculated on the value of the client’s account as of last business day of the prior quarter adjusted for any contributions and withdrawals.

IMAs between us and our clients remain in effect until terminated in writing by either party as set forth in the terms of the applicable IMA. Upon termination of an IMA and thus the account discretion we have with such respective client, we will refund the pro-rated portion of any advanced asset-based management fees paid by the client. Refunded fees are calculated based upon the number of calendar days remaining in the billing quarter.

As an indirect wholly-owned subsidiary of Aimia, we do not provide discretionary investment advisory services with respect to any Aimia Securities in our clients’ Retirement Accounts, and such accounts are not charged a Management Fee attributable to the net asset value of the Aimia Securities held in those accounts. In this regard,

we do not take or accept any investment discretion or make any investment recommendations related to Aimia Securities in Retirement Accounts and we do not vote or grant proxies with respect to Aimia Securities in Retirement Accounts, although we will provide an administrative method by which our clients with Retirement Accounts can instruct us to buy or sell Aimia Securities for their accounts during an open trading window (i.e., not during a period when insiders of Aimia are prohibited from buying or selling such securities), or vote or take other actions with regard to their Aimia Securities. It is our intention not to initiate positions in Aimia Securities for newly opened Retirement Accounts unless specifically requested and instructed by the account owner.

Unless the client directs otherwise or the circumstances of an individual require it, going forward we intend to recommend that Charles Schwab & Co., Inc. (“**Schwab**”) act as the broker and custodian for SMAs though we may recommend one or more other broker-dealers/custodians in the future. In the past, many of our SMAs utilized Pershing Advisor Solutions LLC (“**PAS**”) as their broker and Pershing LLC (“**Pershing**”) as the custodian. Broker-dealers, such as Schwab, PAS and Pershing, charge brokerage commissions and/or transaction fees for effecting certain securities transactions and in certain situations charge other fees, such as safekeeping and other fees attributable to non-U.S. securities positions of the account, or wire fees related to movements of monies by the client in the account. Additionally, we have entered, and may enter into arrangements for brokerage or clearing services with other broker-dealers to effect client transactions in individual equity and/or fixed-income securities and these broker-dealers may effect certain client transactions through other broker-dealers. In these instances, the client will generally incur both the transaction fee charged by the executing broker-dealer and a “trade-away” fee charged by their broker or custodian though; none of these fees are paid to us. See “**Item 12 - Brokerage Practices.**”

Neither our affiliates, nor any of our “**Access Persons**” (meaning any individual who has access to non-public information regarding any purchase or sale of securities on behalf of the Firm’s advisory clients, or non-public information regarding the portfolio holdings of any Reportable Fund, or is involved in making securities recommendations to advisory clients, or who has access to such recommendations that are non-public, accept compensation based on the purchase or sale of securities or other investment products) accept compensation based on the purchase or sale of securities or other investment products.

B. PRECOG

On behalf of the unaffiliated (non-Aimia) investors in Precog, we receive compensation in the form of a 2% annual asset-based management fee and a performance-based allocation (or “**incentive allocation**”) equal to 20% of the net realized and unrealized appreciation in the value of each investor’s capital account, made only with respect to the appreciation in the value of the capital account in excess of 10% annually, a “hurdle rate” that resets at the beginning of each year, and is subject to a high water mark. However, due to the size of Aimia’s investment in Precog where it has an investment of more than 80% of Precog’s limited partnership interests, we have agreed to give Aimia certain rights including reduced management fee and incentive allocation rates. Additionally, Aimia does not share in any profits or losses resulting from Precog’s investments in Aimia Securities.

Management fees are payable by investors quarterly, in advance, as of the beginning of each calendar quarter and are deducted directly from the investor’s capital account. Management fees payable by a Precog investor for any incomplete or partial fiscal quarter will be prorated over the applicable period of such fiscal quarter. The incentive allocations, to the extent applicable, will be allocated as of the close of business on the last day of each calendar year, the date of any withdrawal of capital by any investor at any time, or the date of winding-up and termination of Precog. Management fees will be refunded or credited back to proportionately as of the date of withdrawal with respect to any investor permitted or required to withdraw as of any time other than the end of a performance period.

In addition to management fees and incentive allocations (as applicable), unless otherwise determined by us, Precog shall or may bear (and the limited partners therein will bear their pro rata share of) the following costs and expenses:

(i) all operating expenses of Precog, including, but not limited to: cost of purchasing or disposing investments (e.g. brokerage commissions), fund accounting, filing fees, registration fees and similar fees, legal fees, data processing, insurance, and investment research services, (ii) tax preparation fees, auditors' fees and extraordinary expenses as well as regulatory filing fees, investment banking fees, consulting fees, proxy solicitation expenses and all investment related expenses incurred by it, including commissions, custodial fees, clearing fees, stock borrow fees and similar expenses, (iii) taxes and other governmental charges, (iv) all expenses (including reasonable attorneys' fees) incurred in connection with any threatened, pending or anticipated litigation, Internal Revenue Service examination or audit, or similar audit or examination by any state or local taxing authority, or other proceedings, and (v) all other expenses and liabilities incurred in connection with or arising out of the business of Precog, including legal fees, auditing and accounting expenses and other professional fees and extraordinary or non-recurring charges.

All of the aforementioned expenses, if incurred, would be borne by Precog separate and apart from the Management Fee. Additionally, we are entitled to obtain reimbursement from Precog for all such costs and expenses borne by us or our affiliates on behalf of Precog such as its pro rata share of the cost of our professional liability insurance coverage. Precog will be charged its pro rata share of fees and expenses if such fees and expenses are incurred by us or our affiliates as part of an overall investment program that includes other client accounts. To the extent that any such fees or expenses are solely attributable to Precog, it bears the entire portion of such fees and expenses.

Precog is responsible for, and pays all its own transaction, brokerage, custodial and related fees and expenses. See "*Item 12 - Brokerage Practices.*"

In certain instances, Precog and its investors shall bear their pro rata share of expenses that may also benefit us or our other SMA clients. More information regarding the fees charged by, and the expenses incurred by, Precog is provided in Precog's offering documents.

ITEM 6 PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

We receive performance-based incentive allocations from Precog's investors.

Performance-based incentive allocations could motivate us to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in place. In addition, because performance-based incentive allocations with respect to Precog are calculated based on both realized and unrealized appreciation in Precog's portfolio based upon values that in certain circumstances may be assigned by us, we face a conflict of interest in valuing that portfolio. Both we and our Access Persons have an incentive to favor and devote more time and effort to managing investments where we would receive performance-based incentive allocations or to favor accounts where we would receive higher performance-based incentive allocations, or higher management or related fees, over accounts in respect of which we would receive lower or no performance-based fees, incentive allocations, or management or similar fees. Our Access Persons who are compensated to some extent based upon investment profits for which they are responsible, face the same potential conflict. We address these conflicts through: disclosures in this Brochure; disclosures in the applicable governing account IMA and/or Precog's offering documents; as well as through our Trade Allocation Policy, Code of Ethics and the policies and procedures contained in our Compliance Manual, which govern our conduct and the conduct of our Access Persons.

We simultaneously manage Precog and SMAs according to the same or a similar investment strategy (i.e., side-by-side management). The simultaneous management of these different investment products creates certain

conflicts of interest, as the fees for the management of certain types of products are be higher than others. When managing the assets of our client accounts, we have an affirmative duty to treat all such client accounts fairly and equitably over time, and we have adopted policies and procedures that are designed and implemented to satisfy this duty. Allocations of investment opportunities are not necessarily made on a pro rata basis as certain of our clients may pursue distinct investment strategies or have different liquidity needs. Rather, we make independent allocation decisions with respect to each client. Allocations of investment opportunities among our clients are based on a variety of considerations, including: potentially different or conflicting investment objectives and strategies, the life cycle of various portfolios, risk parameters (including, without limitation, the use of leverage), cash and liquidity availability (e.g., allocation size may vary depending on a client’s cash availability, the other liquidity obligations of the applicable client or commitments made to other investments), follow-on investments (e.g., such investments may be allocated in accordance with the allocation of the original investment), investment time frames, and legal, tax, and regulatory considerations.

Investors in SMAs generally have the right to withdraw all or a portion of their capital from such SMA on shorter notice and/or with more frequency than provided by the terms of Precog. In addition, since an SMA investor directly owns the investments held in its separately managed account, such investors have full, real-time transparency as to all transactions and holdings in the SMA, and may be better able to assess the future prospects of a portfolio that is substantially similar to Precog’s portfolio. Investors in Precog are not provided with comparable transparency. Due to the account activity of any SMA or Precog, we may be required to sell investments on behalf of such SMAs or Precog in order to satisfy withdrawal requests from such accounts. We are under no obligation to sell such investments on behalf of any other SMA or Precog at such time, and may determine to hold such positions for any other SMA or Precog for an indefinite period. Additionally, we may determine to add to any other SMA’s or Precog’s positions that are being sold on behalf of any SMA or Precog. Sales of investments for the benefit of any SMA or Precog may have an adverse effect on the value of an SMA’s or Precog’s continuing investment in such securities. In addition, the value realized by any such SMA or Precog in connection with such sale may differ from the value realized by any other client when it disposes of the same positions at a later time.

ITEM 7 TYPES OF CLIENTS

- A. SMAS** - Generally, our clients include high-net-worth individuals and various institutional clients including, but not limited to: corporations, partnerships, private funds including private registered foreign funds, small businesses, endowments (public and private), ERISA plans & retirement accounts, foundations, accounts of other investment advisers, and pooled investment vehicles. We may elect to provide investment advisory and asset management services to other types of clients. We generally require a minimum asset level of \$5,000,000 to open new SMA relationships, although we have accepted, and have the discretion to accept on a case-by-case basis, investable assets below such amount. Many of our SMA clients have account balances well below \$5,000,000.

- B. PRIVATE FUND** – Our clients also include Precog which is not registered under the Investment Company Act of 1940, as amended, in reliance on the exemption provided in Section 3(c)(1) thereunder. Additionally, Precog’s interests are not registered under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the “**Securities Act**”) pursuant to an exemption from registration under Regulation D of the Securities Act. The minimum initial capital contribution for an investment in Precog is \$500,000, subject to waiver at our discretion. To invest in Precog, investors must be, among other things, “accredited investors” as defined in Rule 501(a) of Regulation D under the Securities Act and “qualified clients” as defined in Rule 205-3 under the Advisers Act, as amended.

ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

We pursue superior returns through long-term investments in what we deem to be extremely undervalued securities, while maintaining a focus on limiting risk. We seek to mitigate risk, which we define as the probability of the long-

term loss of capital, by investing in businesses that we believe are proven franchises with durable economic advantages, evidenced by a well-established track record of substantial free cash flow generation over complete business cycles, and only when we believe the very low valuation at which the investment is made provides a significant “margin of safety.” We employ a concentrated, long-term investment approach, typically holding between 10 and 20 securities. Investments are made globally, with foreign holdings historically representing an average of approximately 40% of our portfolios, although this percentage could be higher (as it has more recently been) or lower, depending on the investment opportunities we deem attractive. Unconstrained by capitalization parameters, we tend to gravitate towards smaller market capitalization companies where we have identified the greatest disparities between market price and our estimate of fair value. We buy stock in large capitalization companies as well, but only when we believe those companies are priced attractively enough to warrant inclusion in our portfolios. We believe that our ability to go wherever the best risk/reward ratios appear to be available, in companies small and large, domestic and international, gives us an advantage over other investment managers, who we believe often operate within a more constrained investment universe.

Precog offers its limited partners an investment strategy that is similar to the one employed by us for our SMA clients, but is generally more concentrated and thus potentially more volatile than the average portfolio that we would administer in respect of typical SMA clients.

We have full discretion in respect of the types of securities in which Precog invests. We generally utilize the fundamental method of security analysis, performing analyses on historical and present data, with the goal of making financial forecasts. We follow a long-term value-oriented investment strategy when giving investment advice to our clients. Typically, positions are held for a least one year, often times much longer though trading around a position (selling down a position weighting into strength or buying more of the position on weakness) may also occur. Positions may be held for less than one-year depending on events and our perceived valuation of the security. Margin transactions do occur for certain SMAs or Precog depending on the respective SMA client’s preference or the terms of the offering documents for Precog though, other than for Precog we typically do not frequently enter into margin transactions. Please refer to Precog’s offering documents for a more detailed description of its investment strategies.

Different types of investments involve varying degrees of risk that our clients should be prepared to bear, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by us) will be profitable or equal any specific performance level.

There can be no assurance that our clients or investors will achieve their investment objectives or that investments made by us will be successful. Our investment strategies involve a substantial degree of risk, including the complete loss of capital. Nothing in this Brochure is intended to imply, and no one is or will be authorized to represent, that our investment strategies are either low risk or risk free. Our investment strategies are appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of our investment strategy. The various risks outlined below are not the only risks associated with our investment strategies and processes and may not necessarily apply to each client or investor. With respect to Precog, the following risks are qualified in their entirety by the risks set forth in Precog’s offering documents.

KEY RISK AREAS ASSOCIATED WITH OUR INVESTMENT PROCESSES AND STRATEGIES

General Economic, Political or Market Conditions

Our success in investment activities will be affected by general economic and market conditions, such as changes in interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of our clients’ investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and

volatility of securities prices and the liquidity of our clients' investments. Volatility and/or illiquidity could impair the profitability of our clients' assets or result in losses. Our clients could incur material losses even if we react quickly to difficult market conditions, and there is no guarantee that our clients will be protected from suffering material losses and other adverse effects from broad and rapid changes in market conditions in the future. Our clients should realize that markets for the financial instruments in which we seek to invest can, at times, correlate strongly with each other or in ways that are difficult to predict. Even a well-analyzed approach may not protect our clients from significant losses under certain market conditions.

The political environment in the United States and globally has continued to cause uncertainty regarding future political, legislative or administrative changes that may impact us, our clients and their investments, and the range and potential implications of possible outcomes are difficult to predict. Such uncertainty may have an adverse effect on, or cause volatility in, the U.S. or global economies and currency and financial markets in the short or long term, which in turn could have a material adverse effect on the performance of a client's investments. In addition, such changes could impact the regulations applicable to MIM, our clients, or their investments. While certain of such changes could have a beneficial impact, other changes may more beneficially impact competitors, or could adversely impact MIM, our clients or their investments.

Market Analysis Limitations

Every method of analysis has its own inherent risks. To perform an accurate market analysis, we must have access to current and new market information. We have no control over the dissemination rate of market information; therefore, unbeknownst to us, certain analyses may be compiled with outdated market information, severely limiting the value of our analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There is no guarantee that a forecasted change in market value(s) will materialize into actionable and/or profitable investment opportunities.

Data Sources

We subscribe to external data sources used to screen for compliance with investment restrictions and to assist in making investment decisions. We also use external software and systems to analyze performance attribution and, in various situations, for trading purposes, to assist in investment decision making and for investment research. As a result, if information that we receive from a third party data source is incorrect, the desired result(s) may not be achieved. Although the third party data sources are generally reliable, we typically receive these services on an "as is" basis and cannot guarantee that the data received from these sources is accurate.

Risks Associated with Our Primary Investment Strategy

Our long-term value-oriented investment strategy is a fundamental investment strategy. Every investment strategy has its own inherent risks and limitations. Shorter-term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer-term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a given investment time period, involves a very short investment time period, but will incur higher transaction costs when compared to a short-term investment strategy and substantially higher transaction costs than a longer-term investment strategy. We may employ varying combinations of investment strategies detailed above, but our long-term value-oriented investment strategy is utilized overall most often.

Margin Risks

We may also implement the use of leverage through margin loans in certain SMAs and Precog that have authorized us to use margin. Margin entails a higher level of risk. A margin transaction occurs when an investor uses borrowed funds to purchase financial instruments, or withdraws funds from a previously unleveraged investment account in

excess of actual, non-margin cash available. The investor obtains the borrowed funds from its custodian brokerage firm by using other securities in the account as collateral for the borrowed sum. The effect of utilizing margin is to magnify any gains or losses in the portfolio holdings in relation to the net equity value of the account, or to provide for liquidity needs of our client. Our use of leverage in an attempt to enhance account returns is extremely limited, and on the occasions when margin is used, it is primarily employed on a transitory basis to provide funds to satisfy our client's withdrawal demands that would otherwise result in the premature liquidation of longer-term investments.

Potential for Fraud

In spite of our desire to invest in reputable and trustworthy companies, there is a risk that we may invest our clients' assets in an issuer that engages in fraud. As cases have shown, instances of fraud can be particularly difficult to detect and prevent. To the extent that we invest in a company that engages in fraud, a client or an investor could lose all or a substantial portion of its investment in such company and such fraud could have a materially adverse effect on our client's financial condition and profit or loss.

Investment and Trading Risks - Generally

All investments risk the loss of capital. No guarantees or representations are made that our investment strategies will be successful. Our investment strategies involve, without limitation, risks associated with limited diversification, equity risks, interest rates, currencies, illiquidity, volatility, credit deterioration or default risks, systems risks and other risks inherent in such activities. Certain investment techniques may, in certain circumstances, substantially increase the impact of adverse market movements to which our clients' investments may be subject. In addition, our clients' investments may be materially affected by conditions in the financial markets and overall economic conditions occurring globally or in markets where we invest our clients' assets. Our methods of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based, in part, on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

Equity Risks

As noted above, we invest primarily in equity and equity-linked securities for our clients' accounts. The value of these securities generally varies with the performance of the issuer and movements in the broader equity markets. As a result, our clients may suffer losses if we invest in equity securities of issuers whose performance diverges from its expectations or if equity markets generally move in a single direction and we have not hedged against such a general move. Our clients also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale. In some cases, the issuers of equity securities may be highly leveraged or subject to other risks such as limited product lines, markets or financial resources. Some of the small and mid-cap issuers of equity securities in which we invest may be more vulnerable than larger capitalization issuers to adverse business or market developments, have limited markets or financial resources and lack experienced management. In addition, some equity securities for micro-cap and small-cap companies could have substantially less liquidity. On behalf of our clients, we have acquired, and we may continue to acquire, a significant portion of the outstanding public float of particular companies, creating additional illiquidity, especially in the event that we wish to entirely dispose of, or reduce our position in any such company by selling shares into the market over a relatively short period of time. Due to perceived or actual illiquidity or investor concerns regarding leveraged capitalization, certain equity securities often trade at significant discounts to otherwise comparable investments, or are not readily tradable. Such securities generally do not produce current income for our clients and may also be speculative. In addition, actual and perceived accounting irregularities may

cause dramatic price declines in the equity securities of companies reporting such irregularities or that are rumored to be subject to accounting irregularities.

Relative Value and Directional Investments

Our investment strategies depend on our ability to accurately predict future price movements of securities or the convergence of market prices toward the theoretical values expected by it. Any such attempts to predict future price movements are inherently risky and inaccurate. Often, price movements will be determined by unanticipated factors, and our analysis of known factors may prove incorrect, in each case potentially leading to substantial losses for our clients.

Market Capitalization Risks

For our clients' accounts, we invest in the securities of companies with market capitalizations (“cap”) ranging from small to large. While we believe such securities provide significant potential for appreciation, securities of certain companies, particularly small-cap companies, involve higher risks in some respects than investments in large-cap securities. For example, prices of small-cap and mid-cap securities are often more volatile than prices of large-cap securities, and the risk of bankruptcy or insolvency of small/mid-cap companies (which could result in client losses) may be higher than for large-cap or so-called “blue-chip” companies. In addition, due to thin trading in the securities of some small-cap companies, an investment in those companies may be illiquid.

Market Volatility

The prices of financial instruments in which we invest are often volatile especially depending on the overall activity of the markets. Price movements of the financial instruments in which we invest are influenced by, among other things: interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. Our clients are subject to the risk of failure of any of the exchanges on which their positions trade or of their clearing houses. In addition, governments from time-to-time may intervene in certain markets, both directly and by regulation, particularly in currencies, futures and options. Such intervention is often intended to directly influence prices and may, together with other factors, cause some or all of these markets to move rapidly in the same direction. The effect of such intervention is often heightened by a group of governments acting in concert.

Investments in Unlisted Securities

We may invest a portion of our clients' assets in unlisted securities of companies though we have not done this in the past. Because of the absence of any trading market for these investments, it may take longer to liquidate, or it may not be possible to liquidate, these positions than would be the case for publicly-traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized on these sales could be less than those originally paid by our clients. Further, companies whose securities are not publicly-traded may not be subject to public disclosure and other investor protection requirements applicable to publicly-traded securities. In the event there is no trading market for these investments, we value such investments in accordance with our Valuation Policy.

Convertible Securities

On behalf of our clients, we may invest in convertible securities. Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula.

The value of a convertible security is a function of its “**investment value**” (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its “**conversion value**” (the security’s worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security’s investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity.

A convertible security may be subject to redemption, at the option of the issuer, based on a price established in the convertible security’s governing instrument. If a convertible security held by our clients’ accounts is called for redemption, we will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on our ability to achieve our investment objective for our clients’ accounts.

Concentration of Investments and Risk Management Failures

We typically invest our clients’ funds in a limited number of small-cap, mid-cap and large-cap issuers and generally have no formal guidelines relating to the diversification of our clients’ assets related to market capitalization. In addition to market capitalization concentration, our clients’ portfolios are typically concentrated in a limited number of issuers, types of financial instruments, industries, sectors, strategies, countries, or geographic regions, and any such concentration of risk may increase losses suffered by our clients. This limited diversification could expose our clients to losses disproportionate to market movements in general. Even when we attempt to control such risks, risks associated with different assets may be correlated in unexpected ways, with the result that our clients face concentrated exposure to certain risks. In addition, many other investment managers pursue similar strategies which create the risk that many investment managers would be forced to liquidate positions at the same time thus reducing liquidity, increasing volatility and exacerbating losses. Although we attempt to identify, monitor and manage significant risks, these efforts cannot take all risks into account and there is no assurance that these efforts will be effective. Many risk management techniques are based upon observed historical market behavior, but future market behavior may be entirely different. Any inadequacy or failure in our risk management efforts could result in material losses for our clients.

Non-U.S. Investments

On behalf of our clients, we often invest in financial instruments of non-U.S. corporations and though we have not in the past done so, we may invest in financial instruments of foreign governments. Investing in the financial instruments of companies (and, from time-to-time, governments) outside of the U.S. involves certain considerations not usually associated with investing in financial instruments of U.S. companies or the U.S. government, including: political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding, or other taxes on, interest, dividends, capital gains or other income limitations on the removal of assets and general social, political and economic instability, the relatively small size of the securities markets in such countries, and the low volume of trading, resulting in potential lack of liquidity, and in price volatility, the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries, fluctuations in the rate of exchange between currencies and costs associated with currency conversion, and certain government policies that may restrict our clients’ investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as

U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, we may be unable to structure transactions that achieve the intended results or to mitigate all risks associated with non-U.S. markets. Finally, it could be difficult to enforce our clients' rights in non-U.S. markets.

Russia Disruption Risk

In late February 2022, Russia launched a large scale military attack on Ukraine. The invasion significantly amplified already existing geopolitical tensions among Russia, Ukraine, Europe, and NATO countries generally, including the United States. In response to the military action by Russia, various countries, including the United States, the United Kingdom, and European Union issued broad-ranging economic sanctions against Russia. Such sanctions included, among other things, a prohibition on doing business with certain Russian companies, large financial institutions, officials and oligarchs; a commitment by certain countries and the European Union to remove selected Russian banks from the Society for Worldwide Interbank Financial Telecommunications ("SWIFT"), the electronic banking network that connects banks globally; and restrictive measures to prevent the Russian Central Bank from undermining the impact of the sanctions. Additional sanctions may be imposed in the future.

The ramifications of the hostilities and sanctions, however, may not be limited to Russia and Russian companies but may spill over to and negatively impact other regional and global economic markets of the world (including Europe and the United States), companies in other countries (particularly those that have done business with Russia) and on various sectors, industries and markets for securities and commodities globally, such as oil and natural gas. Accordingly, the actions discussed above and the potential for a wider conflict could increase financial market volatility, cause severe negative effects on regional and global economic markets, industries, and companies and have a negative effect on our clients' investments and performance beyond any direct exposure to Russian issuers or those of adjoining geographic regions. In addition, Russia may take retaliatory actions and other countermeasures, including cyberattacks and espionage against other countries and companies outside of Russia, which may negatively impact such countries and the companies in which MIM invests on behalf of our clients. Accordingly, there may be heightened risk of cyberattacks which may result in, among other things, disruptions in the functioning and operations of industries or companies around the world, including in the United States and Europe.

The extent and duration of the military action or future escalation of such hostilities, the extent and impact of existing and future sanctions, market disruptions and volatility, and the result of any diplomatic negotiations cannot be predicted.

Corporate Debt

On behalf of our clients, we may invest in bonds, notes and debentures issued by corporations. These instruments may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. We may also invest in corporate debt instruments that have experienced or are contemplated to experience ratings downgrades, or other instruments that have low quality ratings or are unrated. Credit ratings evaluate the safety of the principal and interest payments, not the market value risk of lower-rated instruments, but do not reflect macroeconomic or systemic risk, which includes the risk of increased illiquidity in the credit markets. It is possible that rating agencies might not change the rating of a particular issue on a timely basis and, as a result, outstanding ratings may not reflect the issuer's current credit standing. Conversely, rating agencies may re-rate an instrument which could cause substantial loss as the ratings are downgraded. Our clients' investments may experience significant credit rating volatility. In addition, our clients may be paid interest-in-kind in connection with investments in corporate debt and related financial instruments (e.g., the principal owed to our clients in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, our clients may experience substantial losses.

Market Disruption and Geopolitical Risk

An unstable geopolitical climate and continued threats of terrorism could have a material effect on general economic conditions, market conditions and market liquidity. Additionally, a serious global health crisis or pandemic or a natural disaster could severely disrupt the global, national and/or regional economies. Our clients are subject to the risk that war, terrorism and related geopolitical events may lead to increased short-term market volatility and have adverse long-term effects on the U.S. and world economies and markets generally, as well as adverse effects on issuers of securities and the value of our clients' investments. Those events, as well as other changes in U.S. and non-U.S. economic and political conditions, also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of a client's account's investments. At such times, a client's exposure to a number of other risks described elsewhere in this section could increase.

Coronavirus Outbreak Risks

The global outbreak of the novel coronavirus and its variants (collectively, "COVID-19"), together with resulting voluntary and U.S. federal and state and non-U.S. governmental actions, including, without limitation, mandatory business closures, public gathering limitations, restrictions on travel and quarantines, meaningfully disrupted the global economy and markets. Although the ongoing and long-term economic fallout of COVID-19 remains difficult to predict, it has, and may continue to have, ongoing material adverse effects across many aspects of the regional, national and global economies. In particular, the COVID-19 outbreak has, and may continue to, adversely affect our clients' investments and the industries in which they operate. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for our clients and may affect our ability to make investments and the value of the investments held by our clients. Instability in the securities markets and economic conditions generally (including a slowdown in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in our clients' investments which could have a negative impact on the performance of investments. Furthermore, our ability to operate effectively, including the ability of our personnel or our service providers and other contractors to function, communicate and travel to the extent necessary to carry out our investment strategy and objectives and our business and to satisfy our obligations to our clients, their investors, and pursuant to applicable law could be impaired. The spread of COVID-19 among our personnel and our service providers would also significantly affect our ability to properly oversee the affairs of our clients (particularly to the extent such impacted personnel include key investment professionals or other members of senior management). We have a business continuity and disaster recovery plan in place that is reasonably designed to ensure that we maintain normal business operations, and we have implemented the business continuity portion of that plan and we periodically test the disaster recovery portion of that plan. However, in the event of a worsening of the COVID-19 pandemic or some other similar outbreak, there can be no assurance that we, or our service providers will be able to maintain normal business operations for an extended period of time or will not lose the services of key personnel on a temporary or long term basis due to illness or other reasons. The full impacts of a pandemic or disease outbreaks are unknown, resulting in a high degree of uncertainty for potentially extended periods of time.

Competition

The markets in which we participate in are extremely competitive. While we primarily compete with other value-oriented investment advisers that provide discretionary portfolio management to institutional and individual investors, we also compete with all other types of investment advisers and the products they offer both in the U.S. and globally. There is no assurance that our ability to identify or successfully pursue attractive investment opportunities in this environment will continue. Our clients should expect that their investments will involve substantially more company-specific and market risk and associated volatility in the future than in the past. We compete with firms that have greater financial resources, more favorable financing arrangements, larger research staffs and more securities traders than are available to us.

Less Liquid Instruments

Under certain market conditions, such as during volatile markets or when trading in an instrument or market is otherwise impaired, the liquidity of our clients' portfolio positions may be reduced. In addition, our clients may hold large positions with respect to a specific type of instrument, further reducing liquidity. During such times, we may be unable to dispose of certain assets, which would adversely affect our ability to rebalance our clients' portfolio(s) or accommodate withdrawal requests. Such circumstances could force us to dispose of our clients' assets at reduced prices, thereby adversely affecting performance. If there are other market participants seeking to dispose of similar assets at the same time, we may be unable to sell such assets or prevent losses relating to such assets. Furthermore, if our clients incur substantial trading losses, the need for liquidity could rise sharply while our access to liquidity could be impaired. In conjunction with a market downturn, our clients' counterparties could incur losses of their own, thereby weakening their financial condition and increasing our clients' credit risk to them.

We may also invest in securities that are subject to legal or other restrictions on transfer. In such situations, we may be contractually prohibited from disposing of such investments for a specified period of time. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable and we may not be able to sell them when we desire to do so or to realize what we perceive to be the fair value in the event of a sale.

Default and Credit Risks

We may invest in debt obligations of both government and corporate issuers. These financial instruments involve the risk that the obligor either cannot or will not fulfill its obligations under the terms of the financial instrument. Our clients also assume the credit risk to their brokers, custodians and other counterparties in connection with brokerage arrangements, derivatives and other contractual relationships. In evaluating credit risk, we are often dependent upon information provided by the obligor, which may be materially inaccurate or fraudulent. Any actual default, or any circumstances that increase the possibility of default, could have a materially adverse effect on our clients.

Interest Rate Risks

Our investment strategies may include investments in debt securities of government and corporate issuers. These and various other assets including investments in equity securities, as well as our clients' borrowings, subject our clients to various risks associated with movements in interest rates. For example, we may be required to manage both curve risk, which is the risk that the slope of the yield curve will vary from the slope assumed in our strategy, and credit spread risk, which is the risk that the spreads between yields of differently rated issuers will change in a manner that adversely affects our clients' portfolio. Further, changes in interest rates may affect the valuations of equity securities and markets overall potentially leading to lower valuations for such securities thus increasing the risks inherent in our clients' investments, which could have a negative impact on the performance of those investments.

Cash and Other Investments

A portion of our clients' investments are occasionally invested in cash or cash equivalent investments, in whole or in part, for investment purposes, pending other investments. These cash investments are generally of high quality

at the time of investment and may include money market instruments such as negotiable or nonnegotiable securities issued by or short-term deposits with the U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers' acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit and short-term debt securities of U.S. or non-U.S. issuers deemed by us to be creditworthy. While these investments generally involve relatively low risk levels, they may produce lower than expected returns and could result in losses. Clients will also be responsible for the expenses associated with any such investments.

Litigation

Our investment activities may subject our clients to the risks of becoming involved in litigation with third parties. The expense of defending against claims against our clients by third parties and the payment of any amounts pursuant to settlements or judgments may be borne by us, or may be borne by our clients and reduce the net asset value of their investment. We and our affiliates will generally be indemnified by our clients in connection with any such litigation, subject to certain conditions.

Trading Decisions

Trading decisions made by us are based on fundamental and other analysis. Any factor that would lessen the prospect of major trends occurring in the future (e.g., increased governmental control of, or participation in, the financial markets) may reduce the prospect that a particular trading method or strategy will be profitable in the future. In the past, there have been periods without discernible trends and, presumably, such periods will continue to occur in the future. Moreover, any factor that would make it more difficult to execute trades at desired prices in accordance with the signals of the trading method or strategy (e.g., significant decrease of liquidity in a particular market) would also be detrimental to profitability. Further, many advisers' trading methods utilize similar analyses in making trading decisions. Therefore, bunching of buy and sell orders can occur, which makes it more difficult for a position to be taken or liquidated. No assurance can be given that our strategies will be successful under all or any market conditions.

"Widening" Risk

For reasons not necessarily attributable to any of the risks set forth herein (e.g., supply/demand imbalances or other market forces), the prices of the financial instruments in which we invest may decline substantially. In particular, purchasing assets at what may appear to be "undervalued" levels is no guarantee that these assets will not be trading at even more "undervalued" levels at a time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such "spread widening" risk.

Technology and Cybersecurity Risks

We depend heavily on our own, and the certainty of our service providers', telecommunication, information technology and other operational systems (e.g., those utilized by brokers, custodians, transfer agents, portfolio management and trading software providers, and other parties to which we outsource certain services or business operations). These systems may fail to operate properly or become disabled as a result of events or circumstances wholly or partly beyond our or our service providers' control. Despite our best efforts to implement security measures, our information technology and other systems, and those of others, could be subject to physical or electronic break-ins, unauthorized tampering or other security breaches, resulting in a failure to maintain the security, availability, integrity and confidentiality of data assets. Technology failures or cybersecurity breaches, whether deliberate or unintentional, including those arising from use of third-party service providers, as well as failures or breaches suffered by the issuers of securities in which our strategy invests, could delay or disrupt our ability to do business and service our clients, harm our reputation, result in a violation of applicable privacy and other laws, require additional compliance costs, subject us to regulatory inquiries or proceedings and other claims, lead to a loss of clients and revenues or financial loss to our clients or otherwise adversely affect our business, our

clients and/or investors. Cyberattacks are viewed as an emerging risk and the scope of the risk and related mitigation techniques are not yet fully understood and are subject to continuing change.

Counterparty Risks

We have established, and may establish, additional relationships to obtain prime brokerage and other brokerage or custody related services. However, there can be no assurance that we will be able to maintain such relationships or establish new relationships. An inability to establish or maintain such relationships would limit our trading activities and could create losses, precluding us from engaging in or executing certain transactions and prime brokerage services, and preventing us from trading at optimal rates and terms. Moreover, a disruption in the brokerage or other services provided by any such relationships before we establish additional relationships could have a significant impact on our business due to our reliance on such counterparties. Furthermore, there is a risk that any of our counterparties could become insolvent and/or the subject of insolvency proceedings. If one or more of our counterparties were to become insolvent or the subject of insolvency proceedings, there exists the risk that the recovery of our clients' securities and other assets from such prime broker(s), broker-dealer(s) or custodian(s) will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker, broker-dealer or custodian. We are not restricted from dealing with any particular counterparty or from concentrating any or all of its clients' transactions with a single counterparty. Moreover, our internal evaluation of the creditworthiness of our counterparties may prove insufficient. Our ability to transact business with any one or more counterparties, the lack of complete and "foolproof" evaluation of the financial capabilities of its counterparties, and the absence of a regulated market to facilitate settlement may increase the potential for losses by our clients.

Dependence of Clients and Investors in Precog Where We Act as the Fund Manager

All investment and business decisions on behalf of all our clients invested in SMAs, including those made on behalf of the investors in Precog, will be made by us when we act as the manager of Precog. Accordingly, no person should invest in Precog unless he/she is willing to entrust all aspects of the investment management and operations of Precog to us and our CIO, as we have full discretion in the types of securities in which Precog will invest. Precog's performance is dependent upon the skill, judgment and expertise of our Access Persons and us.

Aimia is a significant investor in Precog with ownership of more than 80% of Precog's limited partnership interests as of December 31, 2021. While this investment provides a larger capital base to absorb the operating expenses of Precog, it requires us to treat Precog as a proprietary account such that in situations where we trade for Precog and SMAs on the same day, Precog will not receive a better trade price than any SMA unless such SMA is also considered a proprietary account.

Side Letters

We have the discretion to waive or modify the application of certain provisions or grant special or more favorable rights with respect to one or more investors in Precog or to certain of our SMA clients. We have in the past, and may again, enter into side letters or similar separate agreements with one or more such investors, or clients, that may alter the terms and conditions described in Precog's documents with respect to such investors (including with regard to, without limitation, to the payment of management fees, performance fees and/or incentive allocations, or related to withdrawals, transfers and notices) or within an SMA client's IMA.

Due to the size of Aimia's investment in Precog where it is has an investment equal to more than 80% of Precog's limited partnership interests, through a "side letter" agreement we have agreed to give Aimia certain rights including reduced management fee and incentive allocation rates (as previously noted), as well as preferential liquidity rights as compared to other limited partners and the right to receive certain enhanced reporting regarding Precog to enable

Aimia to comply with its reporting obligations as a public company. Additionally, Aimia does not share in any profits or losses resulting from Precog's investments in Aimia Securities.

Conflicts of Interest

In addition to providing investment advisory services to our clients, we, Aimia, and certain of our related entities and employees engage in a broad range of activities, including investment activities for our own accounts. In the ordinary course of conducting our activities, our interests can conflict with the interests of our clients.

As previously noted, a portion of the compensation for certain employees is borne by Aimia for certain services to Aimia. Effective March 30, 2022, Chris Mittleman, no longer serves as the Chief Investment Officer of Aimia or the Chairperson of its Investment Committee although he may continue to provide certain investment ideas or advice to Aimia. MIM provides certain other services to Aimia for which we are compensated.

The ability of our CIO and certain of our other employees to act in their own interests with respect to their Aimia-related roles and their related compensation, including any potential incentive compensation, as well as their equity and equity-linked ownership of Aimia Securities including the potential receipt of Aimia Securities related to earn-out and escrow arrangements whereby those shares would be awarded upon them reaching a certain trading price for a period of time or upon MIM reaching a certain level of assets under management, creates a conflict of interest between us, as an adviser to our clients, and certain of our employees, on the one hand, and our clients, on the other because the employee's interest may not be aligned with those of our clients (e.g., our CIO may have an incentive not to sell Aimia Securities in client accounts even if he feels they have reached fair value), and our employees may sell Aimia Securities he/she owns personally at a different time, or on different terms, than how we may sell the security for client accounts.

Although our Chief Investment Officer and our Access Persons devote a significant amount of their time to the interests of the SMAs and Precog, we may engage in other business activities, including certain activities that may be competitive with those of the SMAs and Precog.

Various conflicts of interests exist between us, our investment team and our affiliates with respect to our clients and the investors in Precog. Certain of our Access Persons serve, and others may serve and be compensated, as directors, officers or committee members of both public and private companies and their activities on behalf of those other companies may present actual and/or potential conflicts of interest, including conflicting fiduciary duties. In particular, our Access Persons could face conflicts of interest between discharging their duties as in their capacity as directors, officers or committee members of such companies and acting in the best interest of our clients.

For a further description of these conflicts of interest and how such conflicts are addressed, see "*Item 6 - Performance-Based Fees & Side-by-Side Management*," "*Item 10 - Other Financial Industry Activities & Affiliations*," "*Item 11 - Code of Ethics, Participation of Interest in Client Transactions and Personal Trading*" and "*12 - Brokerage Practices*."

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS ASSOCIATED WITH OUR INVESTMENT STRATEGIES. PROSPECTIVE CLIENTS AND INVESTORS SHOULD READ THIS BROCHURE AND ALL OTHER APPLICABLE DISCLOSURE MATERIALS IN THEIR ENTIRETY BEFORE MAKING ANY INVESTMENT DECISIONS.

ITEM 9 DISCIPLINARY INFORMATION

Neither we, nor any member of our management team, have been involved in any legal or disciplinary events in the past ten years (and, to the best of our knowledge and belief, in years preceding that ten-year period) that would be

material to an existing or prospective client's or Precog investor's evaluation of our advisory business or the integrity of our management.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

Neither we, nor any of our Access Persons, are registered or have an application pending to register as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant (“FCM”), a commodity pool operator (“CPO”) or a commodity trading advisor (“CTA”). In addition, neither we nor any of our Access Persons are an associated person(s) of an FCM, a CPO and/or a CTA.

We serve as both the investment manager and the general partner of Precog. In addition, certain of our control persons or indirect owners may have financial interests in Precog and may maintain significant investments in Precog. These relationships present certain potential conflicts of interest, including but not limited to, those described below:

- To the extent certain of our individual SMA clients qualify, they will be eligible to participate as investors in Precog. Some of our SMA clients are solicited to invest in Precog where we deem such an investment as suitable, but no SMA client is ever obligated to invest in Precog. Since certain of our Access Persons may earn compensation from Precog that may exceed the asset-based fees and performance-based fees of an SMA, as applicable, the recommendation that a client become an investor in Precog may present a conflict of interest. We address this conflict through disclosure to clients and operating in accordance with our Code of Ethics and fiduciary duties. See “*Item 5 - Fees and Compensation*” and “*Item 11 - Code of Ethics, Participation of Interest in Client Transactions and Personal Trading.*”
- We are entitled to receive performance-based incentive allocations from Precog. Since our SMA clients are not subject to performance-based fees or allocations, this arrangement creates a conflict of interest as we and our representatives have an incentive to favor and devote more time and effort to managing the investments of Precog that are subject to performance-based incentive allocations. We address this conflict of interest through disclosure to clients and operating in accordance with our Code of Ethics and fiduciary duties. See “*Item 5 - Fees and Compensation*” and “*Item 11 - Code of Ethics, Participation of Interest in Client Transactions and Personal Trading.*”
- The participation of persons related to us as investors in Precog or SMAs also creates a conflict of interest, as we and our Access Persons may have an incentive to favor and devote more time and effort to managing the investments of Precog or the respective SMAs. We may also have an incentive to recommend that SMA clients participate in Precog if we perceive that such additional investment will benefit Precog overall. We address this conflict through disclosure to clients and by operating in accordance with our Code of Ethics and fiduciary duties. See “*Item 6 - Performance-Based Fees & Side-by-Side Management,*” and “*Item 11 - Code of Ethics, Participation of Interest in Client Transactions and Personal Trading.*”

Our Chief Compliance Officer (“CCO”) remains available to address any questions that a client or a prospective client may have regarding the above relationship(s) and any corresponding potential conflict of interest that any and all such relationships may create.

We do not receive, directly or indirectly, compensation from other investment advisers that we recommend or select for our clients nor do we have any other business relationships with any such advisers that could create a material conflict of interest.

ITEM 11 CODE OF ETHICS, PARTICIPATION OF INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

Code of Ethics

We have adopted and implemented a Code of Ethics that defines the standards of business conduct for our Access Persons. Our Code of Ethics is primarily designed to educate our Access Persons about our philosophy regarding ethics and professionalism. It emphasizes our fiduciary duties to our clients and requires our Access Persons to comply with applicable laws, such as preventing misuse of material non-public information, circulation of rumors and other forms of market abuse. It also addresses potential conflicts of interest related to personal securities transactions. We impose certain restrictions on our Access Persons relating to the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons. Our Access Persons are required to submit quarterly reports disclosing personal securities transactions and annual reports disclosing personal securities holdings. These reports are reviewed by our CCO. We also maintain certain policies and procedures designed to prevent our Access Persons from misusing material non-public information. A copy of our Code of Ethics will be provided to clients and Precog investors upon request.

We may recommend that our clients buy or sell securities or other investment products in which we or a person related to us has a financial interest. In particular, we have caused and may continue to cause our client accounts to purchase and/or sell Aimia Securities during an open trading window for buying or selling such securities. We may also recommend that certain of our SMA clients invest in Precog (as certain clients have in the past done). In addition, certain of our control persons may have financial interests in Precog. In general, our control persons directly, or through a general partner entity, maintain investments in, or have beneficial interest in the success of, Precog. See “*Item 10 - Other Financial Industry Activities & Affiliations.*”

Cross-Trades

In limited circumstances, we “arrange” for and/or “facilitate” cross-trades between client accounts when we believe that such a transaction is in the best interest of each participating client. These transactions will generally occur in a situation when a client needs to liquidate a specific position that is suitable for another client. In so doing, we will arrange for a broker to effect the transaction between two of our client accounts. However, for any such transaction, neither we nor any person or entity associated with us, will act as a broker or receive any commission or transaction-based compensation. We will obtain the written approval of a client before entering into any cross-trade on behalf of such client’s account with another client account that is being treated as a proprietary account (such as Precog).

Aimia Related Conflicts

Aimia Securities are included in our client accounts, with the exception of Retirement Accounts which were opened after Aimia acquired MIM. Retirement Accounts opened after Aimia acquired MIM must specifically request that we include Aimia Securities in the Retirement Account (such requests will be evaluated from a compliance standpoint for potential approval) or have already held Aimia Securities in the Retirement Account before transferring to MIM. In addition, it is likely that Aimia Securities will not be included in newly opened client accounts.

Our CIO, Chris Mittleman, and our other employees have received compensation, or incentive compensation, benefits and/or equity awards for their services to MIM, and to Aimia and its related entities. In addition, our CIO and certain of our employees will benefit from vesting or issuance of additional Aimia Securities should certain performance measurement hurdles be reached including the growth of MIM’s assets under management or Aimia’s common shares reaching a certain threshold price for a specified period of time.

In addition, Chris Mittleman and certain of our employees hold a significant personal ownership interests in Aimia Securities and our CIO also holds equity-linked Aimia Securities.

The above creates a conflict of interest between us, as an adviser to our clients, our employees on one hand, and our clients, on the other because the interests of our CIO and that of certain of our employees are not aligned with those of our clients. For example, our CIO may be incentivized to increase or not dispose of the Aimia Securities held in client accounts. Employees have and may continue to determine to sell the Aimia Securities personally owned by them at different times, or on different terms, than the sales that are made for client accounts. In particular, as previously noted, certain employees are entitled to receive additional Aimia shares in the event that Aimia's common stock trades above a certain threshold price for a specified period of time. This creates a conflict of interest for our CIO and other employees as they are incentivized to have our client accounts buy and not sell Aimia Securities in order to increase and/or maintain the price of Aimia's common stock.

Aimia's Investment Committee makes investment decisions for Aimia. We expect that Aimia's investment focus will mainly be on acquiring control and thus consolidating the cash flows of acquired companies, with most of such activities expected to occur in the private market though they have in the past and may continue to invest in publicly traded securities. Additionally, if a target company is publicly-traded, Aimia may seek to acquire shares in the open market before seeking control, or may be satisfied with a significant minority stake in a publicly traded entity, presumably with governance rights. The aforementioned activities are generally beyond the mandate and capacity of our clients' accounts, which cannot act in concert to take a company private and very rarely attain minority stakes large enough to seek governance rights. We view Aimia's investment strategy as sufficiently differentiated from our investment strategy for client accounts to mitigate conflicts of interest between Aimia and us with respect to allocation of investment opportunities. Both Aimia's Investment Committee and our CIO, on our clients' behalf, will seek to invest in businesses that share the same key characteristics that our investment discipline has historically sought: sustained free cash flow generation, high barriers to entry, enduring franchises with durable economic advantages, high insider ownership, sourced globally, and purchased at an attractive valuation. Thus, the major difference between the two strategies will not be in the qualities of the businesses sought, but more likely in the modality of ownership. Our clients generally cannot participate in private investments, but could benefit from Aimia's participation in such otherwise inaccessible opportunities through our clients' ownership of Aimia Securities, for as long as we believe Aimia Securities maintain an attractive risk/reward ratio or we otherwise determine to sell the position for our client accounts.

Aimia also invests in publicly-traded securities on a portfolio basis to maximize returns on otherwise idle cash in the temporary absence of other investment opportunities. If Aimia were to make investments in securities that we also own for our client accounts, as opposed to seeking a control position in any such security, Aimia may do so on its own directly or by opening a separately managed account ("SMA") with us or investing in a private fund managed by us (which Aimia has done), in which case (with regard to an SMA or investment in a private fund) Aimia and the private fund (Precog) would be subject to the same trade allocation policies that are applied to our SMAs and such private fund.

In any case, where a publicly traded security is acquired or sold by Aimia, or for Aimia's indirect benefit as an investor in Precog, our CIO may consider transacting similarly for our SMA client accounts or Precog if he deems it suitable to do so. In such cases, Aimia may purchase or sell such publicly traded security before, at the same time as, or after our client accounts do so, and thus sometimes at a higher, lower or matching price, depending on Aimia's Investment Committee's assessment of the efficiencies and other considerations of choosing make such an investment - it being understood that with regard to such transactions by Aimia or for Aimia's indirect benefit as an investor in Precog, absent a justifiable reason (e.g., the timing of a client account's cash flow moving in or out of the account), Aimia's transactions and those for Precog should not be executed at a better price on a given day than a client account receives. There also can be situations where, with the client's prior written consent, Aimia would consider acquiring shares of a security, including Aimia securities, directly from such client. The factors to be considered with regard to the timing of the purchase or sale of a security by Aimia or our client accounts include

liquidity, expediency, regulatory restrictions, market access, suitability, and other strategic or tactical considerations in addition to the normal fiduciary concerns.

Resolution of Conflicts

In the case of all conflicts of interest, our and Aimia's determination as to which factors are relevant, and the resolution of such conflicts, will be made using our or their best judgment, but in our or their sole discretion. In resolving conflicts, we and Aimia will consider various factors, including, for example, the interests of the applicable parties with respect to a short-term investment and/or with respect to their longer-term course of investing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors are in place with an aim to mitigate, but will not eliminate, conflicts of interest:

- Understanding that our CIO is no longer the CIO or an officer of Aimia and is no longer a member of its Board of Directors, he will not recommend an investment to Aimia unless he believes that such investment is an appropriate investment considered from the viewpoint of our clients or Aimia, as applicable;
- Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions set forth in our Compliance Manual or followed by Aimia's Investment Committee or Board;
- Conflicts of interest related to the allocation of investment opportunities between our clients, on one hand, and Aimia, on the other hand, are mitigated because we generally pursue different investment strategies for our clients than those that Aimia will pursue;
- Aimia's Board or a committee thereof and our CCO will review conflicts, should they arise, to make sure that our clients are not systematically experiencing a disadvantage as compared to Aimia; and
- Where we deem it appropriate, an unaffiliated third party may be used to help resolve a conflict, such as the use of an external compliance consultant or attorney.

Allocation of Investment Opportunities

In exercising our discretion to allocate investment opportunities, we are faced with a variety of conflicts of interest. For example, in recommending an investment opportunity to Aimia or among clients with differing fee, expense and compensation structures, we have an incentive to allocate investment opportunities where our related persons or we derive, directly or indirectly, a higher fee, compensation or other benefit. Further, if, in our discretion, we feel our clients should not participate in a particular investment opportunity for strategy, tax, regulatory or other reasons, we may recommend such investment opportunity only to Aimia. To the extent we do not allocate an investment pro rata to all SMAs, clients participating in such investment could incur a disproportionate amount of income or loss related to such investment relative to other clients or Aimia.

We have a conflict of interest in allocating investment opportunities among our clients and in recommending them to Aimia. Our CIO intends to recommend and allocate investment opportunities in a manner which is believed to be appropriate and in the best interests of all the parties involved. While allocations of investment opportunities among our clients are generally made with similar portfolio weightings for each client account, there can be no assurances that an investment opportunity which our CIO recommends to Aimia will not be wholly or primarily invested in by Aimia, without our clients being able to participate in such investment opportunity or being able to participate only on a limited basis. While our CIO may source or recommend prospective investment opportunities to Aimia's investment committee, Aimia will source and make investments on its own.

Our clients could be disadvantaged because of the investment activities conducted by Aimia as a result of, among other things, (i) restrictions on the combined size of a position held for our clients and by Aimia, thereby limiting

the size of our clients' position, (ii) the difficulty of liquidating an investment where we believe the market cannot absorb the sale of the combined positions, and (iii) the regulatory filing obligations that could be imposed on us and/or Aimia if, for example, MIM and Aimia are treated as members of a "group," resulting in aggregation of their holdings for purposes of their regulatory filing obligations or the applicability of short-swing profit disgorgement rules with respect to such acquisitions and dispositions, where we would not have been subject to such filing obligations and short-swing profit disgorgement rules in the absence of Aimia being invested in the same securities. These filing obligations and short-swing profit disgorgement rules may cause us to make different investment decisions for our clients than those we would have made in the absence of an affiliation with Aimia. In general, we intend to manage our clients' investments to avoid the short-swing profit disgorgement provisions of Section 16 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**").

In addition, there have been and may again be circumstances under which Aimia has made an investment in a security in which MIM did not intend to invest for our clients. Subsequent investments by us for our clients in securities of the same issuer may create the perception that we are using our clients' assets to support Aimia's positions. Conversely, where an investment may be appropriate for our clients but is not of the type of investment opportunity typically made by Aimia, our CIO will typically first invest in it on behalf of our clients' accounts. We will evaluate a variety of factors for each investment which may be relevant in determining whether a particular investment opportunity is appropriate and feasible for our clients or whether it should be recommended to Aimia at a particular time, including the nature of the investment opportunity taken in the context of the other investments at the time, the potential liquidity of the investment relative to the needs of our clients and Aimia, governance matters related to owning the investment for our clients or Aimia, the investment or regulatory limitations of owning the particular investment and the transaction or other costs involved. Because these considerations will generally differ for our clients and Aimia for any particular investment opportunity, investment activities of our clients and Aimia will generally differ considerably as a result of their different investment focuses.

Where our clients and Aimia invest in the same company, there can be no assurance that such parties will dispose of the investments at the same time and on the same terms especially as Aimia's Investment Committee generally will make its investment decisions without advising or consulting our CIO or us. Investments disposed of at different times will likely be disposed of at different valuations and, as a result, our clients may realize different returns as compared to the same investment held and or sold by Aimia. As noted above in *Aimia Related Conflicts*, in regard to such transactions by Aimia, absent a justifiable reason (e.g., the timing of a client account's cash flow moving in or out of the account), Aimia's transactions should not be executed at a better price on a given day than a client's account receives. These variations in timing, however, may be detrimental to our clients.

Precog may co-invest with third parties or otherwise participate in pooled investment vehicles with others if we determine that such investments or arrangements represent the best way to access a particular investment opportunity. These arrangements would result in an additional layer of fees and expenses being charged to Precog's investors. We or our Access Persons may also manage or have direct investments in these pooled investments. We intend to address any such conflict(s) through proper disclosure, adherence to our Code of Ethics, and in accordance with our fiduciary duties to our clients.

The application of our compliance policies and procedures and the involvement of Aimia's Investment Committee and Board oversight are expected to vary based on the particular facts and circumstances surrounding each investment made by both our clients and Aimia including in different levels of an issuer's capital structure (as can be the case) and, as such, there can be a degree of variation and potential inconsistencies in the manner in which conflicts are addressed.

Personal Trading and Investments

Subject to various restrictions, policies and procedures as set forth in our Code of Ethics, our Access Persons have, and may, purchase for themselves, securities purchased for, or recommended to, our clients including Aimia

Securities. Allowing our Access Persons to purchase these securities may motivate them and/or our affiliates to engage in potentially manipulative practices. In order to seek to prevent this, our CIO and CCO (or certain other designated persons) must pre-clear personal securities transactions by our Access Persons in these securities, as well as in any Covered Security (as defined by our Code of Ethics). In this regard, our Code of Ethics includes our Personal Trading Policy which outlines certain procedures that our Access Persons are required to follow. In certain situations, we restrict our Access Persons from trading in securities purchased for, or recommended to, our clients when we believe the personal securities transactions could conflict with our Code of Ethics or our fiduciary duties to our clients. Our CCO performs certain post-trade reviews to confirm that personal securities transactions by our Access Persons are being performed in accordance with our Code of Ethics. In addition to the required pre-clearance for transactions in Covered Securities, our Access Persons are required to report and certify personal securities transactions on a quarterly basis, certify personal securities holdings (initially upon commencement of employment and annually thereafter), and report any violations of the Code of Ethics to our CCO.

From time to time, we and our Access Persons acquire, or may be in a position to potentially acquire, material non-public and/or confidential information that may restrict by law, internal policies or otherwise us from purchasing securities or other assets, or selling securities or other assets for our clients or otherwise using or receiving such information for the benefit of our clients' accounts. For example, in certain cases, an Access Person of ours may serve as a member of the board of directors of an issuer and come into possession of material non-public and/or confidential information through such board membership.

Outside Activities

Our CCO serves on the Board of Directors of a publicly-traded investment management firm, which does not have a business relationship with us, as well as on the Board of Directors and as a member of the executive committee of a non-profit entity. He is compensated by the publicly-traded company for his Board and related committee roles but not by the non-profit company for his roles with it. Another one of our Access Persons also serves (on a non-paid basis) on the Board and as an officer of the same non-profit entity. These or other Access Persons, may serve on the Board or in an advisory role to, other non-profit entities, publicly traded companies, or other types of companies provided permission to do so has been granted in accordance with our Code of Ethics. Service by persons related to us as an advisor, officer, committee member, or on the Board of companies that issue securities or that could engage our advisory services, could create a direct conflict of interest. We review the activities of our Access Persons to mitigate potential conflicts. Additional relationships of this type could occur in the future.

ITEM 12 BROKERAGE PRACTICES

In the event that our SMA clients request that we recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct us to use a specific broker-dealer/custodian), going forward we will generally recommend that SMAs be maintained as brokerage accounts at Schwab which self-clears and custodies its own accounts, although we may recommend one or more other broker-dealer/custodians in the future. Prior to engaging us to provide investment advisory services, an SMA client is required to enter into a formal IMA with us setting forth the terms, conditions, guidelines and limitations under which we will manage the client's assets, and a separate account/custodial/clearing or other agreement with each designated broker-dealer/custodian.

In general, we have authority to determine the brokers and other counterparties to be used for Precog's transactions and to negotiate commission rates and other monies paid by Precog. Generally, Precog has used Pershing, although it will use Schwab in the near future, and may use one or more other broker-dealers/custodians in the future.

Factors that we consider in recommending and using Schwab, PAS, Pershing or any other broker-dealer/custodian to clients include their historical relationship with us as well as their firm's financial strength, reputation, execution capabilities, pricing, research, and service. Although we have a duty to obtain best execution with respect to

commissions and/or transaction fees paid by our clients, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we will determine, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, if any, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for our clients' account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, our investment advisory asset-based management fees and performance-based fees, as applicable. Due to SEC regulations, Schwab's or PAS's rules regarding brokerage accounts, certain smaller client accounts may not be able to participate in the allocation of trades executed outside of Schwab, PAS or Pershing. Certain other regulations or rules may limit our ability to allocate trades to these accounts.

We do not currently use soft dollars generated by our clients' accounts to pay for certain research and/or related services provided by brokers described above, nor do we intend to, though this does not preclude us from doing so in the future. The term "**soft dollars**" refers to the receipt of products and services (including research) provided by brokers to an investment manager without any cash payment by the investment manager. These products and services may be provided based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment manager. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation or data services).

Using soft dollars to obtain investment research and/or related services could create a conflict of interest between us and our clients. Soft dollars may be used to acquire products and services that are not exclusively for the benefit of our clients that paid the commissions and that may primarily or exclusively benefit us. If we are able to acquire these products and services without expending our own resources (including management fees paid by clients), the use of soft dollars would tend to increase profitability. Further, we may have an incentive to select or recommend brokers based on our interest in receiving research or other products or services, rather than on our clients' interest in receiving most favorable execution. We could also cause our clients to pay commissions (e.g., markups or markdowns) higher than those charged by other brokers in return for soft dollar benefits.

In selecting or recommending brokers, we do not consider whether we or our related persons receive client or investor referrals from such brokers.

For client directed brokerage arrangements outside of Schwab or Pershing, such client may negotiate terms and arrangements for their account with that broker-dealer. This may limit our ability to seek better execution services or prices from other broker-dealers and may preclude us from being able to "batch" our client's transactions for execution through other broker-dealers with orders for other accounts managed by us. As a result, our clients may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

We generally attempt to, combine or "bunch" orders when possible to, obtain best execution, negotiate more favorable commission rates or allocate transactions equitably among our clients, reduce differences in prices and/or commissions or other transaction costs that might have been obtained had such orders been placed independently in accordance with our Trade Allocation Policy. We will not receive any additional compensation or remuneration as a result of such aggregation.

We generally allocate investment opportunities among our clients in a fair and equitable manner. Understanding that a client's target allocation is typically an approximation as to the weighting that we desire the position to be in client portfolios, if participating clients receive less than their target (full) allocation of an order, these clients will

generally receive a pro rata portion of the next executed order. Under certain circumstances, we will exercise our discretion or utilize alternative allocation procedures provided that we treat all participating clients fairly and equitably. We generally prioritize the allocation of buys to accounts with the highest percentage of cash but we have prioritized orders differently, for example, based on an account being underweight with regard to a particular security. Generally, sell trades are allocated to accounts with the highest percentage weighting in the security being sold but they have in the past and may in the future also be allocated based on other fair allocation methods, for example, based on accounts with the lowest cash percentage weighting if we anticipate needing cash soon for another investment. Trade allocations of sell orders for accounts in liquidation (due to closure or significant withdrawal) will be done on a fair allocation basis as determined by the CIO or his designees. Specific client accounts shall generally not be singled out for a particular investment opportunity though in the case of Precog this has and may occur.

ITEM 13 REVIEW OF ACCOUNTS

- A. SMAS** - Our CIO, along with certain of our staff, performs periodic reviews of our SMAs on an ongoing basis. These reviews include, but are not limited to: trade activity, fees charged and other account activity to confirm accurate execution of trades as well as client requested transactions (i.e., contributions and withdrawals) and to monitor for potential suspicious or fraudulent activity. On a quarterly basis, our staff reviews our SMAs and tests to confirm that management fees have been accurately billed to or debited from client accounts and remitted directly to us in compliance with our policies and procedures. Events that trigger a non-periodic review include, but are not limited to, a market correction, a client request to update account information, a client request to terminate their IMA, and/or any suspicion of fraudulent activity.

Our clients are provided with confirmation notices corresponding to each transaction made for their SMA as such transaction is executed. They also have the option to select quarterly notification of all transactions executed during the period, if so desired. The broker-dealer/custodian and/or program sponsor for the client accounts also provides monthly account statements directly to our clients. We also provide clients with a quarterly written report summarizing the composite performance of our clients' accounts which includes a disclosure that the account holders' custodial statements received from the broker-dealer/custodian are the official records of their individual account balances.

- B. PRECOG** - Our CIO and certain members of our staff also conduct periodic reviews of the investment activity of Precog on an ongoing basis. These reviews include, but are not limited to: trade activity, fees, charges, and other account activity to confirm accurate execution of trades as well as monitor for potential suspicious or fraudulent activity. On a monthly basis, our trading & operations staff will review the custodial statements issued by the broker-dealer/custodian as well as the month-end financial reports and monthly investor statements issued by Precog's administrator. On a quarterly basis, our trading & operations staff reviews the activity for Precog to confirm that it was billed directly for the management fees and that the management fees were directly remitted to us in compliance with our policies and procedures. Investors in Precog are provided with a monthly statement from Precog's administrator.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

Except as otherwise described in this Brochure, we do not receive any economic benefit from any person who is not a client for providing investment advice or other services to our clients.

Certain of our Access Persons have in the past, and may again receive compensation, in addition to their salary and other compensation, which is partially or fully based on the asset-based and/or performance-based fees we receive from our SMA clients. Any such compensation is payable by us from the fees we receive and does not result in an additional charge to the client.

If a client is introduced to us by either an unaffiliated or an affiliated solicitor, we may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 under the Advisers Act and/or any corresponding state securities law(s) as well as any law of any applicable foreign country. Any such referral fee is payable by us from the fees we receive and does not result in an additional charge to the client. If the client is introduced to us by an unaffiliated solicitor, with whom we have a written solicitation agreement, in accordance with Rule 206(4)-3 under the Advisers Act, the solicitor, at the time of the solicitation, is required to disclose the nature of his/her/its solicitor relationship, and to provide each prospective client with a copy of our Brochure that contains the solicitor's written disclosure statement describing the terms of the solicitation arrangement between us and the solicitor, including the compensation to be received by the solicitor from us.

ITEM 15 CUSTODY

- A. SMAS** - Although we do not have physical custody of our SMA clients' assets, we are deemed to have custody due to our ability to debit client fees directly from their custodial accounts. All of our clients' assets are placed with independent, qualified custodians that send monthly statements directly to the clients or makes them available online through their client portal.
- B. PRECOG** - We are deemed to have custody with respect to Precog's assets due to our serving as its General Partner. The cash and securities held by Precog are held with one or more qualified custodians. In that regard, Precog undergoes an annual financial statement audit by an independent accounting firm which is registered with, and subject to regular inspection by, the PCAOB.

ITEM 16 INVESTMENT DISCRETION

- A. SMAS** - Upon execution of an IMA with a client we accept discretionary authority to manage accounts on behalf of such client. We generally do not accept any restrictions/limitations our client may request to impose on the discretionary authority granted to us. However, under certain circumstances, we have and may again approve certain investment restrictions and or limitations on a case-by-case basis as set forth in an IMA.
- B. PRECOG** - Subject to the guidelines and objectives set forth in Precog's offering documents, we have discretionary authority over the types of financial instruments to be bought or sold, as well as the amount to be bought or sold on behalf of Precog. Investors are not permitted to impose restrictions/limitations on the management of Precog. However, we have and may again enter into side letter agreements with one or more investors in Precog that alter, modify, or change the terms of the interests held by those investors such as the side letter agreement entered into with Aimia whereby we have agreed to give Aimia certain rights including reduced management fee and incentive allocation rates (as previously noted), as well as preferential liquidity rights as compared to other limited partners and the right to receive certain enhanced reporting regarding Precog to enable Aimia to comply with its reporting obligations as a public company. Additionally, Aimia does not share in any profits or losses resulting from Precog's investments in Aimia Securities.

ITEM 17 VOTING CLIENT SECURITIES

Unless our client directs otherwise in writing, and other than as provided in the following paragraph, we are responsible for voting and granting or withholding proxies with respect to securities held in our SMA client accounts and Precog. We vote on proxy proposals, amendments, consents or resolutions in a manner that we believe will serve the best, long-term economic interests of our clients, as determined in our discretion, and in accordance with our Proxy Voting Policy (copy available upon written request to our CCO).

As an indirect wholly-owned subsidiary of Aimia, we do not provide our discretionary investment advisory services related to Aimia Securities that are held in our clients' "Retirement Accounts" (accounts for Individual Retirement Accounts, Simplified Employee Pension (SEP) Plans, 401(k) Plans, Profit Sharing Plans, Defined Benefit Plans, and Defined Contribution Plans and any other retirement account). In this regard, we do not take or accept any investment discretion or make any investment recommendations related to Aimia Securities held in Retirement Accounts and we do not vote or grant proxies with respect to any Aimia Securities held in Retirement Accounts, although we will provide an administrative method by which our clients with Retirement Accounts can vote or take other actions with regard to their Aimia Securities.

We maintain records pertaining to proxy voting as required under Rule 204-2(c)(2) of the Advisers Act. We utilize the services of a third party vendor for administrative voting services that provides for the receipt of and tracking of ballots, the option to implement specific proxy voting guidelines, acceptance and recording of our voting instructions, recordkeeping, and reporting. Generally, we rely on either the issuer of the securities or our clients' custodians to forward any material concerning shareholder meetings directly to the vendor.

Conflicts of interest may arise related to proxy voting and if we identify any conflict of interest between our clients and us, whereas we deem that such vote is not in the best interest of our clients, we will disclose that conflict in advance, in an effort to obtain our client's consent to proceed before voting the securities or granting a proxy.

- A. SMAS** – Other than for proxy voting, our SMA clients maintain exclusive responsibility for all legal proceedings or other types of events pertaining to their account assets, including but not limited to, opting in or out of class action lawsuits.
- B. PRECOG** - We generally have the authority to vote and grant or withhold proxies with respect to securities owned by Precog. Investors in Precog generally do not direct or otherwise influence our vote with respect to any particular proxy solicitation.

Information pertaining to how we voted a client's securities in a particular matter is available to such client upon written request. All requests should be directed to our Senior Vice President of Client Administration who oversees the administration of our proxy voting procedures.

ITEM 18 FINANCIAL INFORMATION

We are unaware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments relating to our discretionary authority over our clients' accounts.

We have not been the subject of a bankruptcy petition.

ADDITIONAL DISCLOSURES

We have a Business Continuity Plan in place that is included in our Compliance Manual, a copy of which is available upon request. A copy of our Privacy Notice is also available upon request. Please direct such requests to our CCO as indicated on page 2 of this Brochure.