

AIC, as broker-dealer, may from time to time buy securities into its own account, and as principal will sell to clients as riskless principal transactions. These clients may be advisory clients of our firm. When a principal trade occurs, the capacity in which we are acting will be disclosed to the client on trade confirmations.

As Reps, the Affiliates of AIC will be compensated for effecting securities transactions on the normal commission schedule, which schedule may be discounted at the Rep's discretion.

For a brokerage or advisory client, AIC may arrange a purchase or sale of a direct participation interest such as a limited partnership interest to another advisory or brokerage client but only in a situation in which there is no reasonably liquid secondary market on which the security can be readily bought and sold.

At times AIC and/or its Affiliates may take positions in the same securities as clients and will try to avoid conflicts with clients. The Advisor and its Affiliates will generally be "last-in" and last-out" for the trading day when trading occurs in close proximity to client trades. We will not violate the advisor's fiduciary responsibilities to our clients. Scalping (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality, e.g., a thinly traded stock, disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict, i.e., a purchase or sale which is minimal in relation to the total outstanding market value and trading volume, and that would have negligible effect on the market price, would not be disclosed at the time of trading

Item 12. Brokerage Practices

Research and Other Soft Dollar Benefits

Regarding research and other soft dollar benefits, AIC does not receive research (both proprietary and non-proprietary) or other products or services other than execution services from a broker/dealer or a third party in connection with client securities transactions (otherwise known as "soft dollar benefits").

Investment or Brokerage Discretion

AIC has limited discretion over the selection of brokers to be used and the commission rates to be paid. While commission rates are an important factor in broker selection, AIC may suggest brokers that charge commissions higher than those obtainable from other brokers. In selecting a broker for any transaction or series of transactions, AIC may consider a number of factors in addition to commission rates, including, for example net price, reputation, financial strength and stability, efficiency of execution and error resolution, block trading and block position capabilities, willingness to execute related or unrelated difficult transactions in the future, order of call, on-line access to computerized data regarding client accounts, the availability of stocks to borrow for short trades, custody, record keeping or other similar services, as well as other factors involved in the receipt of general brokerage services.

Directed Brokerage

AIC may permit a client to direct brokerage. If applicable, AIC may be unable to achieve most favorable execution of client transactions. It is important to note that directed brokerage arrangements may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because AIC may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

Suggesting Brokers

Because AIC is a registered broker-dealer, if our clients freely choose to implement commissionable trades through the firm, then AIC is the broker-dealer.