

**Silver Bridge®**



**Item 1 – Cover Page**

# Silver Bridge Capital Management, LLC

**October 2, 2012**

**Principal Office**

255 State Street,  
6<sup>th</sup> Floor  
Boston, MA 02109  
617 502 9444

[silverbridgeadvisors.com](http://silverbridgeadvisors.com)

**West Coast Office**

100 First Street  
14<sup>th</sup> Floor  
San Francisco, CA 94105  
650 257 6200

**West Coast Office**

2027 Fourth Street  
Suite C  
Berkeley, CA 94710  
650 257 6200

**Northeast Office**

225 Water Street  
Suite A-226  
Plymouth, MA 02360  
617 502 9444

This brochure provides information about the qualifications and business practices of Silver Bridge Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 617-502-9444 or [kfazio@silverbridgeadv.com](mailto:kfazio@silverbridgeadv.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Silver Bridge Capital Management, LLC is registered with the SEC as an investment adviser. Our registration as an investment adviser does not imply any particular level of skill or training.

## Item 2 – Material Changes

This brochure replaces the previous Form ADV Part 2 brochure dated March 30, 2012, and contains updated information about Silver Bridge Capital Management, LLC. This section summarizes only the material changes to the brochure and does not describe all the changes made in this brochure. These changes include:

- Cover Page: Since the last brochure was issued, Silver Bridge Capital Management has closed its office in Greenville, DE
- Item 4, Item 5, Item 8: These items were updated to clarify the services available to clients who become clients of Silver Bridge Capital Management through the Fidelity Wealth Advisor Solutions ® (“WAS®”) referral program. As of November, 2012 clients who become clients of Silver Bridge through the Fidelity WAS® referral program, may utilize Silver Bridge Capital Management Advisory Services as described in Item 4 and may participate in a subset of proprietary investment strategies (further described under Item 8). These subset of proprietary investment strategies are indicated in each Item with an asterisks (“\*”).
- Item 14: Silver Bridge Capital Management has participated in the Fidelity WAS ® referral program since in November 2011. Beginning in November 1, 2012 Silver Bridge Capital Management will pay a referral fee to Strategic Advisers, Inc. for client referrals from the Fidelity Wealth Advisor Solutions ® referral program.

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## Item 4 – Advisory Business

Silver Bridge Capital Management, LLC is wholly owned by Silver Bridge Advisors LLC, which is principally owned by the law firm of Wilmer Cutler Pickering Hale and Dorr LLP (“WilmerHale”). Key employees of Silver Bridge Advisors also have ownership interests in Silver Bridge Advisors.

Silver Bridge Capital Management has been in business as a registered investment adviser since February 19, 1988. Silver Bridge Capital Management sometimes uses the trade names Silver Bridge, Silver Bridge Advisors and Silver Bridge Family Office Partners.

As of June 30, 2012, the total amount of assets under management by Silver Bridge Capital Management was \$2,377,627,986. The amount of client assets Silver Bridge Capital Management managed on a discretionary basis was \$2,028,080,252 and the amount of client assets Silver Bridge Capital Management managed on a nondiscretionary basis was \$349,547,734. Total assets under advisement were \$3,408,783,357. Assets under advisement are the estimated dollar value of all assets held by the clients of Silver Bridge Capital Management, LLC, Silver Bridge Advisors, LLC and Silver Bridge Family Office Partners, LLC (collectively “Silver Bridge”) for which Silver Bridge provides advice or consultation (e.g., marketable and non-marketable assets). Advice and consultation include providing clients with a holistic view, through consolidated asset reporting, of their assets in order to help clients make well-informed decisions. Silver Bridge Capital Management may or may not actively invest the assets or be involved in the investment decision-making process for all of the assets.

### Investment Advisory and Consulting Services

Silver Bridge Capital Management offers a comprehensive and customized set of investment services and dedicated resources designed to specifically respond to the needs of our clients. These services include investment consulting, investment advisory, proprietary strategy separate account, concentrated holdings and financial planning.

***Investment Consulting Services:*** As an investment consultant, Silver Bridge Capital Management provides clients with advice and information required to make informed decisions about their entire net worth or components of their net worth. The consulting platform has a flexible framework, which allows us to customize our offering and the services provided to meet the unique goals and objectives of each of our clients.

Specific investment consulting service options include but are not limited to the following:

- Diagnostic Review
  - Review client’s current investment process
  - Review client’s current investment advisory engagements
  - Provide executive summary of our observations and recommendations
- Investment Policy and Governance Design
  - Investment council/committee design
  - Investment policy development and design
  - Investment adviser oversight and coordination protocols
- Asset Allocation Services
  - Strategic and tactical asset allocation
  - Asset allocation modeling
  - Custom strategic asset allocation framework design

- Portfolio Construction and Implementation
  - Access to Silver Bridge Capital Management’s open architecture platform
  - Equity and fixed income strategies
  - Concentrated security management
  - Hedge fund advisory services
- Performance Measurement, Reporting and Analysis
  - Custom benchmarking
  - Custom reporting
  - Strategy performance analytics
- Custom Investment Solutions
  - Customized security research
  - Custom manager searches
  - Custom research portal

As appropriate, Silver Bridge Capital Management may also provide investment advisory services in combination with other investment consulting services.

***Investment Advisory Services.*** As an investment advisor, Silver Bridge Capital Management works with the client to develop and execute an appropriate investment strategy for each portfolio. This includes establishing an Investment Policy Statement and an appropriate asset allocation that is aligned with the client’s unique investment objectives and constraints. Both discretionary and nondiscretionary management of client assets is offered. The investment platform includes traditional U.S. and non-U.S. equity and fixed income investment strategies, both active and passive, and alternative investments in hedge funds, private equity, real estate, and commodities.

Silver Bridge Capital Management may directly manage clients’ investment portfolios in accordance with our proprietary investment strategies, as further described under Item 8. In addition, Silver Bridge Capital Management may select external separate account managers to manage client assets or invest client assets in separate accounts or investment funds managed by other investment advisers. These funds include mutual funds, exchange traded funds (“ETFs”), donor advised funds and unregistered private funds.

In constructing and managing the client’s portfolio, Silver Bridge Capital Management takes into account the client’s particular tax circumstances. The client can impose reasonable restrictions on the purchase or sale of investments for the portfolio. The services provided under this option include asset allocation, portfolio construction, portfolio management, consolidated reporting, account administration, and custody services. Custody services generally include safekeeping of assets with a designated qualified custodian and collecting and remitting income.

Financial planning services including a risk assessment, cash flow analysis, asset allocation and correlation analysis. A “Monte Carlo” analysis, which demonstrates the range of possible outcomes given a client’s specific circumstances and varying market returns over time, may also be included to help develop and explain portfolio recommendations.

***Proprietary Strategy Separate Account Services.*** Our proprietary strategies are available to clients in separately managed accounts. Client’s assets are managed in a separate account in accordance with a Silver Bridge Capital Management proprietary strategy that has been chosen by the client. The client may not impose restrictions on the investments selected for this separate account. The investments selected for the separate account do not take into consideration any other assets that the client may own. This service option does not include advice about asset

allocation or which strategy best meets client's investment objectives. The services provided under this option include transitioning of assets, portfolio management, and custody services. Custody services generally include safekeeping of assets with a designated qualified custodian and collecting and remitting income. Our proprietary strategies include:

- Large Cap Equity Strategy
- Sustainable Equity Strategy (*Strategy is closed to new investors*)
- Small/Mid Cap Equity Strategy\*
- Equity Income Strategy\*
- Tactical Opportunities Strategy\*
- Fixed Income Strategies\*
- Enhanced Cash Management Strategies

\* Clients who become clients of Silver Bridge Capital Management through the Fidelity WAS ® referral program, may utilize Silver Bridge Capital Management Advisory Services as described in Item 4 and may participate in a subset of proprietary investment strategies (further described under Item 8), which are indicated above with an asterisks ("\*"). Additional disclosures regarding the Fidelity WAS ® referral program can be found under Item 14.

***Concentrated Holdings Services.*** Silver Bridge Capital Management will provide security research, monitoring and diversification strategies to clients with concentrated holdings.

***Financial Planning Services.*** Silver Bridge Capital Management can provide a one time financial planning review or provide annual financial planning reviews to assess our clients' current personal goals and objectives that may include:

- Vision statement that pulls together a client's financial, philanthropic, tax and wealth transfer objectives
- Income planning (cash flow projections, income tax planning, retirement income strategies)
- Protection planning (life insurance, disability insurance, long-term care, property and casualty insurance)
- Investment management planning (risk assessment, asset allocation and correlation analysis, "Monte Carlo" analysis, portfolio recommendations)
- Legacy planning (net worth statement, estate tax planning, gifting to children and heirs, college planning, gifting to philanthropy, wealth transfer)

All recommendations or advice made as part of the financial plan provided are based upon the information provided by each client. Silver Bridge Capital Management relies on each client to promptly notify us in writing of any material changes to the client's financial condition including but not limited to; investment objectives, risk tolerance, net worth, annual income, and investment time horizon.

## Item 5 – Fees and Compensation

The specific manner in which fees are charged by Silver Bridge Capital Management is established in a client's written agreement with Silver Bridge Capital Management.

Silver Bridge Capital Management will generally bill its fees on a quarterly or monthly basis. Clients are billed in advance or arrears each calendar quarter or month. Clients may authorize Silver Bridge Capital Management to directly debit fees from client accounts or they may elect to be billed directly for fees.

### Standard Fee Schedule

The following table shows Silver Bridge Capital Management's standard fee schedule for the service options listed in Item 4 and the proprietary investment strategies further described under Item 8.

Service Option	Annual Fee Rates as % of Assets
Investment Consulting Services (Includes Silver Bridge proprietary strategy services and fees)	0.50% on the first \$25,000,000 0.40% on the next \$25,000,000 0.30% on the next \$50,000,000 0.20% on the balance Minimum relationship size is \$25,000,000
Investment Advisory Services* (Includes Silver Bridge proprietary strategy services and fees)	1.15% on the first \$2,500,000 0.90% on the next \$7,500,000 0.70% on the next \$10,000,000 0.55% on the next \$15,000,000 0.45% on the balance Minimum relationship size is \$1,000,000
Proprietary Strategy Separate Account Services - Large Cap Equity Strategy	0.55% on the first \$5,000,000 0.45% on the balance Minimum account size is \$250,000
Proprietary Strategy Separate Account Services - Sustainable Equity Strategy (Strategy is closed to new investors)	0.55% on the first \$5,000,000 0.45% on the balance Minimum account size is \$250,000
Proprietary Strategy Separate Account Services - Small/Mid Cap Equity*	0.75% on the first \$5,000,000 0.60% on the balance Minimum account size is \$250,000
Proprietary Strategy Separate Account Services - Equity Income Strategy*	0.75% on the first \$5,000,000 0.60% on the balance Minimum account size is \$250,000
Proprietary Strategy Separate Account Services - Tactical Opportunities Strategy*	0.95% on all assets Minimum account size is \$250,000
Proprietary Strategy Separate Account Services - Fixed Income Strategies*	0.35% on the first \$5,000,000 0.30% on the next \$5,000,000 0.25% on the balance Minimum account size is \$1,000,000
Proprietary Strategy Separate Account Services - Enhanced Cash Management Strategies	0.20% on the first \$10,000,000 0.15% on the next \$15,000,000 0.10% on the balance Minimum account size is \$1,000,000
Concentrated Holdings Services	Negotiable

<b>Service Option</b>	<b>Annual Fee Rates as % of Assets</b>
Financial Planning Services	Fixed fee of \$5,000 for initial plan plus \$300/hr over 15 hours Annual updated plans are billed at \$300/hr

\* Clients who become clients of Silver Bridge Capital Management through the Fidelity WAS ® referral program, may utilize Silver Bridge Capital Management Advisory Services as described in Item 4 and may participate in a subset of proprietary investment strategies (further described under Item 8), which are indicated above with an asterisks (“\*”). Additional disclosures regarding the Fidelity WAS ® referral program can be found under Item 14.

The fee rates in the above schedule show fees that are a percentage of the market value of assets that are subject to the fee. These assets may include securities that a client has directed us not to sell because Silver Bridge Capital Management provides various services (i.e. oversight and custody services) relating to these securities. If a client is billed in advance and ends its relationship with Silver Bridge Capital Management, any prepaid but unearned compensation is prorated to the date of termination and reimbursed.

### **Exceptions to the Standard Fee Schedule**

Silver Bridge Capital Management may choose to combine related client accounts for fee calculation purposes. Fees may vary depending on the size and nature of a client’s account. Silver Bridge Capital Management may also charge a fixed dollar fee (“retainer”) for services. Fees and minimum account sizes may be waived, discounted, and/or negotiated to non-standard rates. Silver Bridge Capital Management may charge additional fees for additional services provided.

Once Silver Bridge Capital Management has received notice that an account will be closing, we may, but are not required to, refrain from taking fees after receiving this notice until the account actually closes. Any residual balance of \$5 or less remaining in a client account, or added to a client account after it has closed, will be taken by Silver Bridge Capital Management as a final advisory fee.

### **Automatic Fee Deduction**

When client funds and securities are held at a custodian that Silver Bridge Capital Management has a standing relationship with, we will arrange for the deduction of fees directly from the client’s account, unless we have made different arrangements with the client. Valuations are provided by independent sources and fees may be calculated by the custodian or Silver Bridge Capital Management. Accounts with different custodians may receive different valuations.

It is the responsibility of clients, not the custodians, to verify whether the correct advisory fee is being applied to a client’s account. A client’s statement from the custodian will reflect all amounts disbursed from the client’s account, including the amount of any advisory fee paid to Silver Bridge Capital Management or to any separate account manager.

### **Manually Billed Fees**

Silver Bridge Capital Management typically sends manual bills to clients who do not use a custodian that Silver Bridge Capital Management has a standing relationship with. Silver Bridge Capital Management bills these clients monthly or quarterly in arrears or in advance based on the

value of account assets on the last day of the billing period. The fees are calculated by Silver Bridge Capital Management using valuations provided by independent sources.

### **Additional Fees and Costs Paid to or by Others**

**External Separate Account Manager Fees.** If Silver Bridge Capital Management engages an external separate account manager to manage a client's assets, the client will be responsible for paying all fees charged by the separate account manager on those assets in addition to Silver Bridge Capital Management's advisory fees. Each separate account manager will impose and arrange for the automatic deduction of its own fees from the custody account of each affected client.

**Mutual Fund Fees.** Mutual funds pay fees to their service providers that are borne proportionately by all of their shareholders, including Silver Bridge Capital Management clients. Client cash held is also typically swept daily into mutual funds. An explanation of the fees and expenses paid by each mutual fund is contained in that fund's prospectus. Mutual fund fees are in addition to the fees paid directly by clients to Silver Bridge Capital Management.

**Brokerage Fees.** Silver Bridge Capital Management's fees exclude brokerage commissions, transaction fees, and other related trading costs and expenses, which will be borne by clients. These fees and commissions are in addition to Silver Bridge Capital Management's fee. Silver Bridge Capital Management will not receive any portion of these commissions, fees, and costs.

Brokerage fees may vary depending on the qualified custodian where the account is custodied. Certain qualified custodians have specific terms, fees, or commission schedules associated with trading with the qualified custodian's affiliated broker-dealer. For each client account, the trading desk takes into consideration any applicable terms, fees and commission schedule imposed by the qualified custodian for each client account and executes trades through the most cost effective broker-dealer without sacrificing execution quality.

Item 12 further describes the factors that Silver Bridge Capital Management considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their commissions and other compensation.

**Donor Advised Fund Fees.** If client assets are allocated to a donor advised fund, the client will be responsible for paying all fees charged by the fund on those assets in addition to Silver Bridge Capital Management's advisory fees. The fund will impose and arrange for the automatic deduction of its own fees from the liquidity account of each affected client.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Silver Bridge Capital Management does not receive performance based advisory fees from clients. These are fees that include a percentage of the capital gains achieved on client investments.

## **Item 7 – Types of Clients**

Silver Bridge Capital Management provides investment advisory and other services to the following types of clients.

- Individuals
- Trusts and estates
- Family offices
- Not-for-profit entities, including foundations
- Corporations and other businesses
- Retirement and profit-sharing plans, such as IRAs and 401k accounts

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

### Investment Consulting and Investment Advisory Services

***Investment Policy and Governance Design.*** We develop an Investment Policy Statement for each investment advisory client to govern the relationship between Silver Bridge Capital Management and our clients and to provide a guidepost for the management of client relationships. The Investment Policy Statement outlines a client account's established investment objective, income requirements, risk tolerance and return objectives, time horizon, tax considerations, liquidity and unique circumstances that may impact the management of a client's investment portfolio.

***Asset Allocation.*** Silver Bridge Capital Management's proprietary asset allocation framework seeks to create an optimal balance between the expected risk and the expected return for a given client's goals and objectives. We utilize forward looking projections for expected returns, expected standard deviations of those returns as well as correlations among asset classes by asset class and at the portfolio level.

**Strategic Long-Term Asset Allocation.** Based on a full understanding of client goals, we initially establish a strategic long-term asset allocation policy that we believe will generate strong investment returns given an expected level of risk over multiple market cycles by investing across asset classes, capitalizations, and styles.

**Tactical Asset Allocation.** In an effort to take advantage of perceived market imbalances and inefficiencies between asset classes, we may make tactical shifts to each client's asset allocation in an effort to enhance long-term rates of return, to reduce portfolio risk levels or both.

***Portfolio Construction.*** In constructing client portfolios, Silver Bridge Capital Management considers an array of investment vehicles across multiple asset classes, geographies and market capitalizations, which make up our open architecture platform. These investment strategies include external traditional and alternatives strategies as well as a number of proprietary strategies. We invest in both active and passive investment vehicles as appropriate.

Our Investment Solutions Team uses a rigorous due diligence review process to select external manager strategies that are part of our open architecture platform. This review includes quantitative and qualitative analyses to assess each manager's likelihood of generating strong future returns as well as to measure the risks associated with the generation of those returns. The Investment Solutions Team monitors external managers for adherence to their stated investment process and regularly assesses whether risks are being responsibly managed. The Investment Solutions Team's ongoing screening process is also designed to uncover new external investment strategies. Silver Bridge Capital Management's open architecture platform consists of:

- **External Manager Separate Accounts.** Silver Bridge Capital Management may engage any U.S. registered investment adviser as a separate account manager to manage a client's assets on behalf of a client and at the client's expense. Separate accounts allow investors to own securities directly rather than indirectly through ownership of a fund.
- **Mutual Funds and ETFs.** Silver Bridge Capital Management evaluates, selects and monitors mutual funds and ETFs across multiple asset classes and investment styles.

- Donor Advised Funds. If a client has an interest in charitable giving, Silver Bridge Capital Management may allocate a portion of the client's assets to a donor advised fund. Under our arrangement with each foundation we work with, the foundation administers the donor advised funds for affected clients and Silver Bridge Capital Management manages the assets in these donor advised funds.
- Alternative Investments. Silver Bridge Capital Management will evaluate, select and monitor alternative investments for qualified clients.
- Derivative Investments. Silver Bridge Capital Management will evaluate, select and monitor investments in derivative instruments for qualified clients.
- Proprietary Strategies. For clients who have selected the Investment Advisory Service option, we may utilize our own proprietary strategies as appropriate. Our proprietary strategy options include the equity, fixed income, enhanced cash management, and tactical opportunities strategies described under "Proprietary Strategies" below.

### **Silver Bridge Capital Management's Separate Account Proprietary Strategies**

Silver Bridge Capital Management may use its proprietary strategies to manage accounts of clients who have selected either the Investment Advisory Service option or the Proprietary Strategy Service option. Silver Bridge Capital Management's proprietary strategies are designed to outperform their stated benchmark over a four to five year investment cycle. One of the goals of our risk management process is to outperform market returns during poor investment climates.

#### **Large Cap Equity Strategy**

- Is designed to preserve capital in volatile markets through a top-down/bottom-up investment approach
- Focuses on quality with a goal of delivering excess returns versus its benchmark, the Standard & Poor's 500 index, over the course of an economic cycle
- Uses a disciplined investment process supported by quantitative tools for stock selection, portfolio construction, and portfolio risk control. Silver Bridge Capital Management:
  - Engages in fundamental research as part of its stock selection process
  - Adheres to a sell discipline that is sensitive to annual turnover and tax efficiency
- Is typically implemented with portfolios containing 40-60 U.S. large capitalization stocks broadly diversified across economic sectors and industries
- Is an actively managed blend style utilizing a growth at a reasonable price stock selection and sale methodology

#### **Sustainable Equity Strategy (Strategy is closed to new investors)**

- Is designed to preserve capital in volatile markets through a top-down/bottom-up investment approach
- Focuses on quality with a goal of delivering excess returns versus its benchmark, the Standard & Poor's 500 index, over the course of an economic cycle
- Uses a disciplined investment process supported by quantitative tools for stock selection, portfolio construction, and portfolio risk control. Silver Bridge Capital Management:

- Engages in fundamental research as part of its stock selection process. This includes the use of KLD Research and Analytics 'Socrates' Corporate Social Ratings Product to screen potential investments for various social and environmental factors
- Utilizes proprietary research to analyze the factors related to a company's impact on the environment as an input to the stock selection process
- Adheres to a sell discipline that is sensitive to annual turnover and tax efficiency
- Is typically implemented with portfolios containing 40-60 U.S. large capitalization stocks broadly diversified across economic sectors and industries
- Is an actively managed blend style utilizing a growth at a reasonable price stock selection and sale methodology

#### Equity Income Strategy\*

- Is designed to preserve capital in volatile markets through a top-down/bottom-up investment approach
- Focuses on quality with a goal of delivering excess returns versus its benchmark, the Standard & Poor's 500 index, over the course of an economic cycle
- Seeks to achieve a dividend yield equal to 150% of the S&P 500
- Uses a disciplined investment process supported by a quality screen, cash flow metrics, and a proprietary quantitative relative valuation model to select securities

#### Small/Mid Cap Equity Strategy\*

- Is designed to preserve capital in volatile markets through a top-down/bottom-up investment approach
- Focuses on quality with a goal of delivering excess returns versus its benchmarks, the Russell 2000 and Russell 2500 stock indexes, over the course of an economic cycle
- Uses a disciplined investment process supported by quantitative tools for stock selection, portfolio construction, and portfolio risk control. Silver Bridge Capital Management:
  - Engages in fundamental research as part of its stock selection process
  - Adheres to a sell discipline that is sensitive to annual turnover and tax efficiency
- Is typically implemented with portfolios containing 40-60 U.S. small to medium capitalization stocks broadly diversified across economic sectors and industries
- Is an actively managed blend style utilizing a growth at a reasonable price stock selection and sale methodology

#### Tactical Opportunities Strategy\*

- Is designed to preserve capital in volatile markets through a top-down/bottom up investment approach
- Allocates investments across equity fixed income, commodity and liquid alternative investment vehicles
- Benchmarks returns against the HFRI Fund of Funds Index and against a blend of 60% MSCI AC World Index and 40% Barclay's Aggregate Bond Index

### Fixed Income Strategies\*

- Are intermediate term strategies designed to maximize total return with controlled risk
- Involve active management and commitment to producing high-quality, call-protected, and well-diversified portfolios
- Use a disciplined, research-based investment selection process utilizing fundamental credit research performed internally with a macroeconomic overlay and supplemented by third-party independent research providers
- Include taxable and tax-exempt strategies
- Are customized to meet specific client objectives

### Enhanced Cash Management

- Strives to produce high current yield relative to other cash equivalents with modest principal volatility
- Is designed to protect portfolio principal from potential negative impact of fluctuating interest rates
- Utilizes high-quality, low risk cash equivalent investments
- Uses a disciplined, research-based investment selection process utilizing fundamental credit research performed internally with a macroeconomic overlay and supplemented by third-party independent research providers
- Is customized to meet specific client objectives

\* Clients who become clients of Silver Bridge Capital Management through the Fidelity WAS ® referral program, may utilize Silver Bridge Capital Management Advisory Services as described in Item 4 and may participate in a subset of proprietary investment strategies, which are indicated above with an asterisks ("\*\*"). Additional disclosures regarding the Fidelity WAS ® referral program can be found under Item 14.

### Concentrated Holdings Strategies

Are designed to meet the specific needs of individual clients and as such methods of analysis, investment diversification strategies, which may involve the use of derivatives, and risk of loss are dependent upon the specific solution that is implemented.

### Material Investment Risks

All investments involve a risk of losing money that our clients should be willing to bear. The past performance of investments is not a reliable indicator of how they will perform in the future.

***Risks of Silver Bridge Capital Management Strategies.*** Any investment managed for clients by Silver Bridge Capital Management or external investment managers could decrease in value as a result of the following events.

#### Market Risk

- A decline in the stock market could depress the prices of stocks and other equity securities in a client's portfolio.

- When the stock market strongly favors value or growth stocks, Silver Bridge Capital Management's "growth at a reasonable price" style of equity investing could underperform. The performance of external managers could suffer when their particular investment style is out of favor.
- Silver Bridge Capital Management's large cap equity strategies could underperform when the market favors smaller capitalization stocks. Silver Bridge Capital Management's small/mid cap strategy could underperform when the market favors larger capitalization stocks.
- An increase in interest rates or a change in the relationship between different market interest rates could depress the prices of bonds and other fixed income securities in a client's portfolio.

#### Event Risk

- An adverse event affecting a particular company or that company's industry could depress the price of a client's investments in that company's stocks or bonds.
- The company, government or other entity that issued bonds in a client's portfolio could become less able or fail to repay, service or refinance its debts, or the issuer's credit rating could be downgraded by a rating agency.
- Adverse events affecting a particular country, including political and economic instability, could depress the value of investments in issuers headquartered or doing business in that country.

#### Liquidity Risk

- Securities that are normally liquid may become difficult or impossible to sell at an acceptable price during periods of economic instability or other emergency conditions. Some securities may be infrequently or thinly traded even under normal market conditions.

#### ***Other Risks***

***Private Fund Investments.*** Investments in hedge funds and other private investment funds may underperform publicly offered and traded securities because these funds:

- Typically require investors to lock-up their assets for a period of time and may be unable to meet redemption requests during adverse economic conditions.
- Have limited or no liquidity because of restrictions on the transfer of, and the absence of a market for, interests in these funds.
- Are more difficult for Silver Bridge Capital Management and external managers to monitor and value due to a lack of transparency and publicly available information about these funds.
- May have higher expense ratios and involve more inherent conflicts of interest than publicly traded investments.
- Involve different risks than investing in registered funds and other publicly offered and traded securities. These risks may include those associated with more concentrated, less

diversified investment portfolios, investment leverage and investments in less liquid and non-traditional asset classes.

***Derivative Instruments.*** Investing and engaging in derivative instruments and transactions, including commodity funds and commodity exchange traded funds (“ETFs”), may involve different types of risk and possibly greater levels of risk. These risks include, but are not limited to the following:

- Possible Leverage. A derivative instrument or transaction may disproportionately increase an account’s exposure to the market for the assets underlying the derivative position and the sensitivity of an account’s portfolio to changes in market prices for those assets. Leverage will tend to magnify both the positive impact of successful investment decisions and the negative impact of unsuccessful investment decisions on an account’s performance.
- Counterparty Credit Risk. An account’s ability to profit from a derivative contract depends on the ability and willingness of the other party to the contract (a “counterparty”) to perform its obligations under the contract. If the counterparty to an over-the-counter contract fails to perform its obligations, an account may lose the benefit of the contract and may have difficulty reclaiming any collateral that an account may have deposited with the counterparty.
- Lack of Correlation. The market value of a derivative position may correlate imperfectly with the market price of the asset underlying the derivative position. If a derivative position is being used to hedge against changes in the value of assets in an account, a lack of price correlation between the derivative position and the hedged asset may result in an account’s assets being incompletely hedged or not completely offsetting price changes in the derivative position.
- Illiquidity. Over-the-counter derivative contracts are usually subject to restrictions on transfer, and there is generally no liquid market for these contracts. Although it is often possible to negotiate the termination of an over-the-counter contract or enter into an offsetting contract, a counterparty may be unable or unwilling to terminate a contract with an account, especially during times of market instability or disruption. The markets for many exchange traded futures, options and other instruments are quite liquid during normal market conditions, but this liquidity may disappear during times of market instability or disruption.
- Less Accurate Valuation. The absence of a liquid market for over-the-counter derivatives increases the likelihood that Silver Bridge Capital Management will be unable to correctly value these interests.

### **Special Procedures for Alternative Investment Options**

Only eligible clients may invest in alternative investments in hedge funds, private equity, private real estate and certain commodity trading vehicles. Because of tax reporting delays by hedge funds and other private equity funds, clients who invest in these funds will probably need to rely on extensions of federal and state tax filing deadlines.

Before investing in hedge funds and other private funds for a client, Silver Bridge Capital Management will require the client to provide representations establishing that the client is an “accredited investor” or “qualified purchaser.” Before trading commodity contracts for a client, Silver Bridge Capital Management will require the client to represent that the client is an “eligible contract participant” as defined in the Commodity Exchange Act.

In either case, Silver Bridge Capital Management will rely on the accuracy of a client’s representations in making corresponding representations about the client. If the client’s representations become inaccurate, the client must inform us within 30 business days after learning of this inaccuracy.

## **Item 9 – Disciplinary Information**

Neither Silver Bridge Capital Management nor its parent firm, managers, officers or investment advisory personnel have been involved in any material, reportable legal or disciplinary proceeding before a court, regulatory agency or self-regulatory organization.

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

Silver Bridge Capital Management is an independent investment advisory firm that is not affiliated with any broker-dealer, futures commission merchant, investment company or other financial services company. Silver Bridge Capital Management will not accept compensation from (1) any investment advisory firm that we may recommend to or select for clients or (2) from any other financial services company (other than fees paid for providing investment advisory, subadvisory or family office services to such a company).

Silver Bridge Capital Management and its affiliates, Silver Bridge Advisors, LLC and Silver Bridge Family Office Partners, LLC, are principally owned and controlled by the law firm of WilmerHale. Only Silver Bridge Capital Management will provide or be compensated for providing investment advisory services to clients. These clients include (1) clients of WilmerHale and (2) WilmerHale attorneys, both individually and as trustees of clients' trusts. Silver Bridge Capital Management may enter into joint marketing arrangements with Silver Bridge Advisors, LLC and Silver Bridge Family Office Services, LLC to offer packages of investment advisory and other services to individuals, trusts and foundations. Silver Bridge Capital Management and these affiliates may jointly offer their respective services under the trade name Silver Bridge, Silver Bridge Advisors or Silver Bridge Family Office Services.

Silver Bridge Capital Management pays, out of the advisory fee received from certain trust clients, the trustee compensation due to one or more trustees of these trusts. These trustee fees may be paid to WilmerHale lawyers who act as trustees, to WilmerHale itself or to unaffiliated persons acting as trustees of client accounts.

If the trustee recipient has or shares responsibility for the decision to hire or retain Silver Bridge Capital Management to manage the client's investments, the independence, and integrity of this decision could be adversely affected by our role in compensating the trustee. Silver Bridge Capital Management intends to pay trustee compensation solely for actual trustee services and not for referral or solicitation services. However, our payment of trustee compensation may involve a conflict of interest similar to the conflict resulting from our payment of a cash referral or solicitation fee.

Silver Bridge Capital Management may select for client accounts an external separate account manager, a mutual fund or other vendor that also is or may become a client of WilmerHale. This could involve a conflict of interest if we selected a particular separate account manager, mutual fund or vendor in order to induce it to become or continue as a client of WilmerHale. Therefore, it is our policy to select separate account managers, mutual funds and vendors for clients without regard to their relationships with WilmerHale and solely on the basis of the clients' best interests.

Silver Bridge Capital Management and WilmerHale have adopted procedures that are designed to prevent Silver Bridge Capital Management from having access to and trading on the basis of confidential information relating to clients of WilmerHale.

Since Silver Bridge Capital Management does not provide legal advice, our clients will not have the benefit of the attorney-client privilege for information communicated by clients to us. (Please see our privacy policy for more information about our treatment of confidential client information.)

## **Non-Investment Advisory Services**

Non-investment advisory services offered by Silver Bridge Capital Management include the safekeeping of assets with qualified custodians, placing orders with broker-dealers to purchase and sell securities at the direction of the client, collecting and remitting income, and reporting. When placing orders for securities transactions, Silver Bridge Capital Management will determine the broker or dealer through which the transaction will be executed together with the timing and price terms of the order and the commission rate paid. Brokerage fees may vary depending on the qualified custodian where the account is custodied. Certain qualified custodians have specific terms, fees, or commission schedules associated with trading with the qualified custodian's affiliated broker-dealer. For each client account, the trading desk takes into consideration any applicable terms, fees and commission schedule imposed by the qualified custodian for each client account and executes trades through the most cost effective broker-dealer without sacrificing execution quality. As a result the price at which trades are executed will likely vary by individual qualified custodian.

Silver Bridge Capital Management may provide solely administrative services to certain accounts of existing clients as part of the overall relationship with a client, which may include providing investment advisory services to other accounts of the client.

## **Non-Investment Advisory Services Offered by Silver Bridge Capital Management's Affiliates**

Silver Bridge Capital Management's affiliates, Silver Bridge Advisors, LLC and Silver Bridge Family Office Partners, LLC, offer these non-investment advisory services:

Integrated planning services

Financial administration services

Family office services

- Family leadership, governance and development services
- Family business consulting services
- Family logistic and lifestyle services
- Technology and reporting services

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

### **Code of Ethics and Personal Trading**

Silver Bridge Capital Management's code of ethics allows employees to engage in personal securities trading, but only to the extent consistent with our fiduciary duty to clients and regulatory requirements.

Silver Bridge Capital Management's code of ethics requires our personnel to conduct their personal securities trading at all times in a manner that puts the interests of clients ahead of their own pecuniary interests. Our code of ethics requires all personal securities transactions effected by our personnel to avoid:

- Interfering with client portfolio transactions.
- Benefiting at the expense of clients from a transaction on the same day that Silver Bridge Capital Management purchases or sells the same security for clients, except for certain inadvertent simultaneous transactions exempted by the Chief Compliance Officer.
- Taking improper advantage of our relationship with clients, including confidential information about client holdings and transactions.
- Any abuse of any person's position of trust and responsibility.
- Any other actual or potential conflict of interest.

Our code of ethics also provides that our employees:

- May not serve on the board of directors of any public company, including mutual fund boards of directors/trustees. In addition, an employee must obtain prior written permission to accept any outside employment or to serve as a trustee on a client account, other than the account of a family member.
- May not give or accept gifts and entertainment that (1) are inappropriate, (2) could be seen as overly generous or (3) could influence employee decision-making.

In addition, our code requires personnel involved in or with knowledge of client holdings and transactions to:

- Pre-clear all covered transactions in accounts in which they have control. These transactions include investments in private placements and initial public offerings. Permission to engage in a requested transaction may be denied or delayed if the transaction conflicts with the transactions or other interests of clients.
- Hold securities for at least 30 days unless an extenuating circumstance justifies the granting of an exemption by the Chief Compliance Officer.
- Submit regular reports listing covered securities transactions. These reports are reviewed for compliance with our code and to identify possible conflicts with client transactions.

A copy of our code of ethics may be obtained by sending a written request to: Chief Compliance Officer, Silver Bridge Capital Management LLC, 255 State Street, 6th Floor, Boston, MA 02109

## **Buying and Selling Securities that are Recommended to Clients**

Silver Bridge Capital Management or a related person may buy or sell the same securities for its own account that it recommends to clients. Silver Bridge Capital Management may also recommend securities to clients at or about the same time that Silver Bridge Capital Management or a related person is buying or selling the same securities for its own account. This would involve a conflict of interest if Silver Bridge Capital Management or the related person

- Used its knowledge about client recommendations, transactions or holdings to advantageously time or otherwise obtain better terms for its own transactions;
- Engaged in transactions for its own account on terms more favorable than those available to clients; or
- Engaged in transactions for its own account that detrimentally affected client transactions.

Silver Bridge Capital Management's procedures, including our code of ethics (described above), are designed to mitigate conflicts of interest involving these transactions. For example, our procedures:

- Prohibit Silver Bridge Capital Management or any related person from trading a security for its own account for a specified period before Silver Bridge Capital Management recommends or effects the purchase or sale of the same security for client accounts.
- Require our Chief Compliance Officer to monitor transactions for the accounts of Silver Bridge Capital Management and related persons to identify those that may conflict with client recommendations and transactions.
- Require Silver Bridge Capital Management or related person to transfer any profit from a transaction for its own account that occurs during a restricted period to the affected clients.
- Allows transactions for the account of Silver Bridge Capital Management or a related person to be aggregated with those for client accounts so that all participants in the block transaction receive the same price and other terms.

## **Principal Transactions**

Silver Bridge Capital Management's policy is not to engage in principal transactions with clients. Our Chief Compliance Officer may grant exceptions from this policy to meet specific client requests or needs. If an exception is granted, the Chief Compliance Officer will oversee the transaction and verify that:

- Silver Bridge Capital Management has disclosed to the client its capacity in the transaction,
- The required disclosure was made in writing before effecting the transaction,
- The client has given written consent to the transaction; and
- The transaction has been priced fairly and in accordance with Silver Bridge Capital Management's procedures for valuing securities.

### **Recommendations to Proprietary Strategies**

When implementing its recommended asset allocation and constructing an investment portfolio for a client, Silver Bridge Capital Management may select from a wide range of available investment options, including both proprietary and non-proprietary strategies. Silver Bridge Capital Management may recommend its proprietary strategies over other non-proprietary products in the same asset class. All accounts are formally reviewed on an annual basis to determine if the account's allocations are in line with the investment objectives established for the account and if the account is being managed in accordance with Silver Bridge Capital Management's strategies and applicable policies and procedures.

## **Item 12 – Brokerage Practices**

### **Selecting Broker-Dealers**

Silver Bridge Capital Management uses independent brokers and dealers to purchase and sell securities for client accounts. In selecting brokers and dealers to effect client transactions, we try to obtain for clients (1) the prompt execution of client transactions while market conditions still favor the transaction and (2) the most favorable net prices reasonably obtainable. This is called “best execution.”

### **Stock and Other Equity Transactions**

Brokerage fees may vary depending on the qualified custodian where the account is custodied. Certain qualified custodians have specific terms, fees, or commission schedules associated with trading with the qualified custodian’s affiliated broker-dealer. For each client account, the trading desk takes into consideration any applicable terms, fees and commission schedule imposed by the qualified custodian for each client account and executes trades through the most cost effective broker-dealer without sacrificing execution quality. As a result the price at which trades are executed will likely vary by individual qualified custodian.

In placing orders to purchase and sell equity securities,, Silver Bridge Capital Management selects brokers it believes will provide the best overall qualitative execution given the particular circumstances.

Brokers identified and approved as equity trading partners are listed on Silver Bridge Capital Management’s “Equity Broker Approved List.” When selecting a new equity broker, our investment team conducts a due diligence review of the broker to evaluate whether the broker is likely to provide best execution. We may consider any of the following factors:

- The quality of services provided (including commissions, which may not be the lowest available but which ordinarily will not be higher than the generally prevailing competitive range).
- The extent of coverage of the various markets Silver Bridge Capital Management trades in.
- The broker’s ability to communicate effectively with us.
- The broker’s ability to execute and settle difficult trades.
- Whether or not the broker offers lower cost electronic trading.
- The broker’s clearance and settlement efficiency.
- Whether or not the broker can handle Silver Bridge Capital Management’s range of order sizes.
- The broker’s ability to maintain confidentiality and anonymity.
- The reputation of the broker.
- The stability and financial strength of the broker.

Under the oversight of our investment policy committee, the Chief Investment Officer reviews the due diligence performed and approves or rejects the selection of each broker. If a new broker

is approved, the investment team provides the new broker and our operations department with the necessary information to integrate the broker into our trading process.

On an ongoing basis, the investment team monitors and documents the services provided by each broker listed on our Equity Broker Approved List, the quality of executions and research, commission rates, the overall brokerage relationship, and any other issues. The investment team will periodically reconsider whether placing a large portion of client trades through a particular broker continues to be in the best interest of Silver Bridge Capital Management's clients.

### **Fixed Income Securities Transactions**

Fixed income securities (i.e. bonds) are generally traded in an over-the-counter market. In this market, bond dealers place bids and make offers to buy and sell bonds on a net basis with no stated commission plus accrued interest. Any commission or net mark up is implied by the difference or "spread" between the price the dealer purchases the bond for and the price the dealer sells the bond at. A new issue bond is sold to purchasers at a net price with a fixed sales credit paid to the underwriter by the issuers of the bond.

Dealers identified and approved as fixed income trading partners are listed on Silver Bridge Capital Management's "Fixed Income Approved Dealer List." Before Silver Bridge Capital Management selects a new fixed income dealer, the Director of Fixed Income identifies the new dealer to be considered and provides due diligence material to the Chief Investment Officer for approval. Under the oversight of the investment policy committee, the Chief Investment Officer reviews this due diligence material and approves or rejects the selection of the dealer. We may consider any of the following factors:

- The quality of services provided
- The extent of coverage of the various markets Silver Bridge Capital Management trades in.
- The dealer's ability to communicate effectively with us.
- The dealer's ability to execute and settle difficult trades.
- Whether or not the dealer offers lower cost electronic trading.
- The dealer's clearance and settlement efficiency.
- Whether or not the dealer can handle Silver Bridge Capital Management's range of order sizes.
- The dealer's ability to maintain confidentiality and anonymity.
- The reputation of the dealer.
- The stability and financial strength of the dealer.

If a new dealer is approved, the Director of Fixed Income provides the new dealer and our operations department with the necessary information to integrate the dealer into our trading process. On an ongoing basis, the director of fixed income monitors our relationships with dealers on our Fixed Income Approved Dealer List and documents any issues involving a particular dealer.

## **Soft Dollar Arrangements**

Except for research reports that Silver Bridge Capital Management may receive from broker-dealers, Silver Bridge Capital Management receives only trade execution services from brokers used to effect client transactions. It does not currently receive any other research or non-execution products or services from, and does not have any soft dollar arrangements with, any broker-dealers.

## **Client Directed Brokerage**

Certain clients have directed Silver Bridge Capital Management to use a particular broker or dealer who has an existing relationship with or provides custodial or other services to a client. Silver Bridge Capital Management requires any directed brokerage instructions to be in writing. Before choosing to enter into a directed brokerage arrangement, clients should be aware of the following disadvantages:

- Silver Bridge Capital Management will not be able to negotiate commission rates with the designated broker because we will not have the negotiating leverage that results from the ability to trade away from a designated broker.
- Directed brokerage may cost clients more money. Directed brokerage clients may pay higher commission rates than those paid by other clients, may receive less favorable trade executions and may not obtain best execution on their transactions.
- Directed brokerage accounts will not be able to participate in aggregated or block transactions with other clients. This will preclude directed brokerage accounts from obtaining the volume discounts or more favorable terms that might be available from aggregated transactions.
- If Silver Bridge Capital Management is placing orders in the same security for both directed brokerage clients and clients that use the brokers on our Equity Broker Approved List, Silver Bridge Capital Management will usually place orders for directed brokerage clients after it has placed orders for other clients.

## **Trading Philosophy & Aggregation**

### ***Investment Advisory Service***

Silver Bridge Capital Management's trading desk is committed to providing clients with the best execution possible for all trades executed. Silver Bridge Capital Management regularly reviews trading practices, explores opportunities to improve the trading process and invests in technologies in an effort to continually add value to the trading process.

### ***Client Advisor Directed***

Client Advisors submit trade orders for client accounts throughout the day, as required, based upon each client's specific investment objective and the unique considerations of each account. The trading desk consistently monitors the trade blotter and executes trades at various points throughout the market session as they deem appropriate. The timing of each trade execution is dependent upon pre-trade analysis and will vary from trade to trade. When the same security is traded within the same time frame by one or more Client Advisors, the trader will block like trades to achieve the same execution at each qualified custodian. Silver Bridge Capital Management's trading desk allocates each trade to each individual account at the average price obtained for the block. Generally, transactions are allocated proportionally to the participating

client accounts in accordance with the pre-allocation of the blocked order. While blocking orders based upon the qualified custodian is the preferred method of trade execution, circumstances will sometimes dictate executing trades individually.

### ***Proprietary Strategy Directed***

Security transactions in accounts that participate in one of Silver Bridge Capital Management's proprietary equity strategies are aggregated together, by custodian. Each aggregated block receives the average price. Transactions are allocated pro-rata across client accounts in accordance with the pre-allocation of the blocked order in an attempt to ensure the same percentage allocation for each account. If an account cannot participate in a block trade for any reason (i.e. lack of available cash), the trading desk will notify the Client Advisor assigned to the account and the trade will be excluded from the block.

### ***Multiple Custodians***

Silver Bridge Capital Management's managed assets are held in custody at multiple qualified custodians. Brokerage fees may vary depending on the qualified custodian where the account is custodied. Certain qualified custodians have specific terms, fees, or commission schedules associated with trading with the qualified custodian's affiliated broker-dealer. For each client account, the trading desk takes into consideration any applicable terms, fees and commission schedule imposed by the qualified custodian for each client account and executes trades through the most cost effective broker-dealer without sacrificing execution quality. As a result the price at which trades are executed will likely vary by individual qualified custodian.

For example a qualified custodian may charge a "trade away" fee for each transaction executed within a client account when trades are not executed at the custodian's affiliated broker-dealer. Silver Bridge Capital Management will take into consideration the "trade-away" fees for each client account when determining which broker-dealer to execute a specific trade. Other qualified custodians may offer a set number of commission free transactions per client account. Silver Bridge Capital Management will take into consideration commission free transactions for each client account when determining which broker-dealer to select to execute trades.

### **Balancing the Interests of Multiple Client Accounts**

Silver Bridge Capital Management manages accounts for multiple clients who may invest and trade in the same securities. This means that clients may be competing for the same limited investment opportunities. It is our policy to allocate these opportunities in a manner that we believe to be fair to all clients over time. In allocating investments among clients, we consider such factors as:

- The investment goals of the clients;
- The amount of investable cash available to each client;
- Existing holdings of the same investment; and
- The riskiness of the investment in light of the clients' relative risk tolerance.

For purchases of less liquid publicly traded securities (such as certain small cap securities) or oversubscribed public offerings, it may not be feasible to allocate a transaction proportionately to all eligible clients, especially if clients' accounts vary greatly in size. Therefore, not all clients will necessarily participate to the same extent in all investment opportunities.

Even when client accounts have the same investment goals, Silver Bridge Capital Management may make different investment decisions for them, and the performance resulting from these decisions may differ. We will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible clients. The amount of a client's assets under our management or the amount of cash available for investment may affect what we buy and sell for client accounts.

### **Transactions Between Client Accounts**

Silver Bridge Capital Management can sometimes reduce or eliminate transaction costs by arranging for one client account to buy or sell a security directly from or to another client account. Although we do not routinely engage in these direct trades between client accounts, our Chief Compliance Officer may approve internal cross transactions for non-ERISA and nonaffiliated accounts if the specific transaction is believed to be in the best interest of both clients. Our Chief Compliance Officer will oversee any approved cross transaction to verify that:

- The transaction does not involve an ERISA account or an affiliated account,
- The transaction is consistent with the investment policy statements of each participating account,
- No brokerage commission, fee (except for customary transfer fees) or other compensation is paid in connection with the transaction,
- Market quotations are available for the security being traded, and
- The transaction is effected at the independent current market price of the security.

### **Trade Errors**

Although Silver Bridge Capital Management's goal is to execute trades seamlessly in the intended manner and consistent with its investment decisions, errors can occur for a variety of reasons. Silver Bridge Capital Management's policy in dealing with trade errors is to:

- Identify any errors in a timely manner.
- Correct all errors so that any affected account will be in the same position it would have been in had the error not occurred.
- Bear all costs associated with correcting an error (or obtain reimbursement from the broker, depending on who was at fault). The cost of taking corrective action will not be passed on to clients.
- Evaluate how the error occurred and whether any procedural change or continuing education is required. The consequences of, and corrective action required for, a trade error may vary depending upon the nature of the error or the affected account.

## **Item 13 – Review of Accounts**

### **Review of Accounts**

Silver Bridge Capital Management’s Client Advisors continuously review all managed client accounts for which they are responsible. The goal of this review is to keep each client’s portfolio aligned with the client’s investment plan and to position accounts appropriately given current market conditions. When necessary, Client Advisors rebalance client portfolios based on the investment team’s tactical asset allocations, while striving to minimize potential tax implications.

Silver Bridge Capital Management’s Client Advisors annually review the portfolio of each client assigned to them using our proprietary Annual Investment Review (“AIR”) system. This review process is designed to determine if the account’s allocations are in line with the investment objectives established for the account and if the account is being managed in accordance with our strategies, policies and procedures.

### **Reports to Clients**

Silver Bridge Capital Management may provide to some advisory clients one or more reports:

- Containing position statements, detailed transaction summaries, the description and categorization of cash and other inflows and outflows, and other relevant account data.
- Containing information about the client’s performance, which may also include a reference to a relevant market index or benchmark.
- Analyzing the sources of each account’s performance, including customary performance attribution and risk measurement statistics such as standard deviations, Sharpe ratios, deviations from benchmark returns, and investments that had the largest positive and negative impacts on performance.
- Listing assets held and transactions effected for client assets managed by or held outside of Silver Bridge Capital Management.

Silver Bridge Capital Management relies on pricing sources other than its designated custodians to calculate the investment performance of client accounts. In addition, in valuing and calculating the performance of clients’ investments in private funds, we rely on the valuation and performance data provided directly by the private funds. Private funds are often delayed in providing us with this information, which will delay us in reporting this information to clients.

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

Silver Bridge Capital Management does not receive economic benefits from any person other than clients, or persons who have a personal or employment relationship with clients, for providing investment advisory services to clients. We may accept fees from another investment adviser or financial services company for providing investment advisory, subadvisory or family office services to its clients. In connection with its 2010 purchase of a majority interest in the investment advisory business of H&S Financial Advisors LLC, Silver Bridge Advisors LLC agreed to pay part the purchase price to a company owned by the sellers of the business in annual installments on the anniversary of the purchase date until 2015. The total number of these payments is equal to 9.5% annually of specified Silver Bridge Family Office Partners, LLC revenues, including advisory fees and other recurring income received from clients introduced or referred by these sellers. These purchase payments will be paid only if specified revenues exceed specified minimum levels. No payments were made in 2011. Although these purchase payments were intended as compensation for the sale of a business, they could be viewed as indirect compensation to the sellers for their referral of clients to Silver Bridge.

Silver Bridge Capital Management participates in the Fidelity WAS® referral program, through which Silver Bridge Capital Management receives referrals from Strategic Advisers, Inc. (“SAI”), a registered investment adviser and subsidiary of FMR LLC, the parent company of Fidelity Investments. Silver Bridge Capital Management is independent and not affiliated with SAI or FMR LLC. SAI does not supervise or control Silver Bridge Capital Management, and SAI has no responsibility or oversight of the investment advisory services or other advisory services provided by Silver Bridge Capital Management.

Under the WAS® referral program, SAI acts as a solicitor for Silver Bridge Capital Management, and Silver Bridge Capital Management pays referral fees to SAI for each referral received based on Silver Bridge Capital Management’s assets under management attributable to each client referred by SAI or members of each client’s household. The WAS® referral program is designed to help investors find an independent investment advisor, and any referral from SAI to Silver Bridge Capital Management does not constitute a recommendation or endorsement by SAI of Silver Bridge Capital Management particular investment advisory services or strategies.

As of November 2012, for a period of 7 years from the date a referrals assets are funded at Silver Bridge Capital Management, Silver Bridge Capital Management will pay SAI an amount equal to the sum of

- an annual percentage of 0.10% of fixed income assets in such account, and
- an annual percentage of 0.25% of all other assets held in such accounts.

Beginning in January 2013, if the annual revenue paid to SAI through the aforementioned fees is less than \$10,000 annually, Silver Bridge Capital Management will pay SAI the balance ensuring the minimum fee is met in connection with its participation in the WAS ® referral program.

To receive referrals from the WAS® referral program, Silver Bridge Capital Management must meet certain minimum participation criteria, but Silver Bridge Capital Management may have been selected for participation in the WAS® referral program as a result of its other business relationships with SAI and its affiliates, including Fidelity Brokerage Services, LLC (“FBS”).

As a result of its participation in the WAS® referral program, Silver Bridge Capital Management may have a potential conflict of interest with respect to its decision to use certain affiliates of SAI, including FBS, for execution, custody and clearing for certain client accounts, and Silver Bridge Capital Management may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to Silver Bridge Capital Management as part of the WAS ® referral program. Under an agreement with SAI, Silver Bridge Capital Management has agreed that Silver Bridge Capital Management will not charge clients more than the standard range of advisory fees disclosed in this Form ADV Part 2 to cover solicitation fees paid to SAI as part of the WAS ® referral program. Pursuant to these arrangements, Silver Bridge Capital Management has agreed not to solicit clients to transfer their brokerage accounts from affiliates of SAI or establish brokerage accounts at other custodians for referred clients other than when Silver Bridge Capital Management fiduciary duties would so require; therefore, Silver Bridge Capital Management may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of SAI. However, participation in the WAS ® referral program does not limit Silver Bridge Capital Management duty to select brokers on the basis of best execution.

## **Item 15 – Custody**

Clients should receive at least quarterly, statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Silver Bridge Capital Management urges its clients to carefully review such statements and compare such official custodial records to the account statements that Silver Bridge Capital Management may provide to its clients. Statements may vary from custodial statements, because of different accounting procedures, reporting dates, or valuation methodologies for certain securities.

## **Item 16 – Investment Discretion**

Silver Bridge Capital Management has discretionary authority over many, but not all, of the accounts it manages for clients. The scope of our authority varies and may include the ability to select investments, external separate account managers and/or broker-dealers for clients, without clients' advance approval. Discretionary authority may be limited by client directives to refrain from, or obtain client consent before, selling certain portfolio holdings and/or investing in certain types of securities or issuers.

Silver Bridge Capital Management uses a written investment advisory agreement signed by each client to document the existence and scope of our discretionary authority to manage that client's account. The client intake and account set-up procedures generally requires such an agreement and certain account information to be entered into the automated systems before the management of a client account can commence.

## Item 17 – Voting Client Securities

Unless otherwise specifically directed by a client in writing, Silver Bridge Capital Management is responsible for the voting of all proxies related to securities that we manage on behalf of our clients. We use a third party proxy voting service, Risk Metrics Group, to vote client proxies in accordance with one of its two adopted standard proxy voting guidelines.

- We typically have our proxy voting service vote all proxies in accordance with the Standard ISS Governance Services – U.S. Proxy Voting Policy Guidelines.
- For accounts invested in Silver Bridge Capital Management’s proprietary Sustainable Equity Strategy, we typically have our proxy voting service vote all proxies in accordance with the Standard ISS Governance Services – Social Responsible Investing Proxy Voting Policy Guidelines.
- Clients with accounts not managed in accordance with Silver Bridge Capital Management’s proprietary Sustainable Equity Strategy can still elect to have their proxies voted in accordance with the Standard ISS Governance Services – Social Responsible Investing Proxy Voting Guidelines.

Silver Bridge Capital Management may, but is not required to, authorize external separate account managers to vote any proxies relating to the sub-advised assets in accordance with the external separate account manager’s proxy voting policy.

Conflicts can arise when Silver Bridge Capital Management, an external separate account manager, any of their affiliates, or any of their employees has any financial, business or personal relationship with the issuer of a proxy proposal for a security held in a client’s account. To avoid potential conflicts of interest, Silver Bridge Capital Management votes proxies in accordance with one of our predetermined guidelines. In limited situations, we may consider voting under our own initiative for a particular issue, if we believe that it is in the best interest of the client. Before we reclaim proxy voting authority from Risk Metrics, we will determine and confirm that no potential conflict of interest exists

A client may obtain the following information by submitting a request to Silver Bridge Capital Management LLC, Attn: Chief Compliance Officer, 255 State Street, 6<sup>th</sup> floor, Boston, MA 02109 or by telephone at 617-502-9444.

- A copy of the Standard ISS Proxy Voting Manuals, which detail the policies and procedures for casting proxy votes.
- Information about how the client’s proxies were voted.

If a client prefers to vote proxies for securities in the client’s account, the client should contact a Client Advisor to make the appropriate arrangements.

Silver Bridge Capital Management ordinarily will not advise or act on behalf of clients in any legal proceedings, including bankruptcies or securities shareholder class action litigation involving securities held or previously held in client accounts. We will not be responsible for responding to or forwarding to clients any class action settlement offers relating to securities currently or previously held in client accounts. Separate account managers selected by us are not required to, but may, participate in class action settlements on behalf of clients for the assets under their management.

## **Item 18 – Financial Information**

Silver Bridge Capital Management is not subject to any financial condition that would impair our ability to meet our contractual commitments to clients. In addition, we have never been the subject of a bankruptcy petition or proceeding.