

# Investment Advisory Disclosures Form ADV Part2

Everest Asset Management AG

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December 31, 2011

## Item 1 – Cover Page

This Brochure provides information about the qualifications and business practices of Everest Asset Management AG (Everest or EAM). If you have any questions about the contents of this Brochure, please contact us at +41 43 288 2710 or [info@everestam.com](mailto:info@everestam.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.

Everest Asset Management AG is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Everest Asset Management AG also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Click on the "Investment Adviser Search" link and search "Investment Adviser Firm" using EAM's IARD number, 147161.

## Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated December 31, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Andrew Comstock, Portfolio Manager at (913) 660 0708 or [a.comstock@everestam.com](mailto:a.comstock@everestam.com).

Additional information about Everest Asset Management AG is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with EAM who are registered, or are required to be registered, as investment adviser representatives of EAM.

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#### **Item 4 – Advisory Business**

Everest Asset Management is a private corporation based in Zurich, Switzerland. Everest has been in business since 2006.

Everest Asset Management develops an investment strategy and policy to meet our client's goals and objectives. These strategies include equities, fixed income, derivatives, alternative investments and currency management. The investments strategies are created based on conversations with our clients about their goals, objectives and current financial position. In addition, EAM offers a Socially Responsible Investment approach where we will screen companies to make sure they meet certain social requirements. This typically excludes Tobacco, Defense, Firearms, and Gaming businesses.

Clients are able to impose restrictions on their portfolios if they choose. Each client portfolio is unique and they are able to remove any asset class they choose from their portfolio.

EAM's largest shareholder is Sihl Investments which owns over 50% of the outstanding shares.

Everest Asset Management has \$409,309 of discretionary assets under management as of December 31. EAM currently manages \$3,940,988 of non-discretionary assets as of December 31, 2011.

#### **Item 5 – Fees and Compensation**

Our basic fee structure is to charge a 1% annual management fee on the average capital invested and paid quarterly. Socially Responsible Investing portfolios are charged up to 1.75%.

All fees are subject to negotiation.

The specific manner in which fees are charged by Everest Asset Management is established in a client's written agreement with EAM. Clients are billed in arrears each calendar quarter. Clients may also elect to be billed directly for fees or can authorize Everest to directly debit fees from client accounts. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Everest's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investments and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Everest's fee, and EAM shall not receive any portion of these commissions, fees, and costs.

Either EAM or the client can terminate the client's investment management agreement upon written notice at any time. If a client terminates an agreement within five (5) business days after signing the agreement, EAM charges no fees for the period between signing and terminating.

Item 12 further describes the factors that Everest considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

EAM does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### **Item 7 – Types of Clients**

EAM provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, foreign funds such as UCITs and SICAVs, and other U.S. and international institutions.

The minimum account size is \$100,000. EAM reserves the right to waive this minimum account size.

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

Everest invests in both the domestic US and international markets. Investing in securities involves risk of loss that clients should be prepared to bear.

### **Method of Analysis**

EAM uses a quantitative factor model to manage our Large Cap and Mid Cap equity portfolios for the US, Europe and Japan. Our factor model was developed by Dr. Robert Haugen and is maintained by Haugen Custom Financial Systems. The model breaks stocks into seven different categories (risk, liquidity, valuation, growth potential, stock price performance, volatility and sector) and evaluates them using a regression analysis. Each stock is assigned an expected return and this is in turn is used in an optimizing software package. Additionally, we performance fundamental analysis on each security the Haugen Model recommends. We optimize portfolios each month but usually only make changes to the portfolios about 4 times a year.

Everest performs fundamental analysis on corporations and governments that issue bonds which we invest in for clients. This includes reviewing their past financial information and assessing their ability to make coupon payments and repay principle.

### **Investment Strategies**

The majority of our clients invest in either equities or fixed income securities. Everest offers clients an equity portfolio, fixed income portfolio or balanced portfolio. The equity portfolio is invested in stocks and cash. The equity portfolios consist of Large Cap, Mid Cap and International Large and Mid Cap stocks. Fixed income portfolios invest in a mix of fixed income and cash. Our fixed income portfolio includes investment-grade corporate and municipal bonds, U.S. government and agency securities, international investment-grade corporate bonds, foreign government securities, convertible debentures, preferred stocks, bond mutual funds and ETFs. Balanced portfolios are a mix of equities, fixed income and cash. The allocation and ranges of each asset class are determined by the risk tolerance and goals of our clients as described in Item 5.

### **Equity Risks**

Stock market risk, is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. In addition, investments in foreign stock markets can be riskier than U.S. stock investments. The prices of foreign stocks and the prices of U.S. stocks have, at times, moved in opposite directions.

Currency risk, is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates.

Country/regional risk, is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions. Everest may invest a large portion of its assets in securities of companies located in any one country or region, including emerging markets, EAM's performance may be hurt disproportionately by the poor performance of its investments in that area. Country/ regional risk is especially high in emerging markets.

Investment style risk, is the chance that returns from the types of stocks in which the Fund invests will trail returns from the global stock market. As a group, non-U.S. value stocks tend to go through cycles of doing better—or worse—than the global market in general. These periods have, in the past, lasted for as long as several years. Everest may invest in small- and mid-capitalization stocks. Historically, these stocks have been more volatile in price than the large-cap stocks that dominate the global market, and they often perform quite differently.

Manager risk, is the chance that poor security selection or focus on securities in a particular sector, category, or group of companies will cause a client's portfolio to underperform relevant benchmarks or other funds with a similar investment objective.

## **Fixed Income Risks**

Income risk, is the chance that a client's portfolio income will decline because of falling interest rates. Income risk is generally moderate for intermediate-term bonds, so investors should expect their annual income to fluctuate accordingly.

Interest rate risk, is the chance that bond prices overall will decline because of rising interest rates. Interest rate risk should be moderate for clients who invest in short or intermediate bonds because their prices are less sensitive to interest rate changes than are the prices of long-term bonds.

Credit risk, is the chance that a bond issuer will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline.

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

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Everest Asset Management AG or the integrity of Everest's management. EAM has no information applicable to this Item.

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

Everest Asset Management is not actively engaged in a business other than giving investment advice. Everest does not sell products or services other than investment advice to clients. EAM's principal business or its principal executive officers are not involved in something other than providing investment advice.

Everest is not registered as a securities broker-dealer, futures commission merchant, commodity pool operator or commodity trading adviser. EAM does have an arrangement with Harrington Investments, Inc. (a Registered Investment Advisor based in Napa, CA). EAM acts as a sub advisor to Harrington Investments, Inc. on their international Socially Responsible Investing portfolio and is paid a percentage of assets under management on a quarterly basis for this service.

### **Item 11 – Code of Ethics**

Everest Asset Management has adopted the CFA Institute's Code of Ethics and Standards of Practice Handbook ("The Code of Ethics") for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. This Code of Ethics is in compliance with Rule 204A-1 under the Advisers Act that establishes standards of



conduct for our supervised persons. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Everest must acknowledge the terms of the Code of Ethics annually, or as amended.

EAM anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which EAM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which EAM, its affiliates and/or clients, directly or indirectly, have a position of interest. EAM's employees and persons associated with EAM are required to follow EAM's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of EAM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for EAM's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of EAM will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of EAM's clients. In addition, the Code requires pre-clearance of some transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between EAM and its clients.

EAM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Andrew Comstock by phone at (913) 660 0708 or [a.comstock@everestam.com](mailto:a.comstock@everestam.com). The CFA Institute's Code of Ethics and Standards of Practice Handbook is available on the CFA Institute's website at [www.cfainstitute.com](http://www.cfainstitute.com).

It is EAM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. EAM will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client

account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

All trades for client accounts take place at the custodian bank. Everest has a soft dollar arrangement with some of our custodian banks. EAM has a fiduciary responsibility to seek the best possible price and the lowest commission rates for all executed trades. The commission rates paid by clients are not higher than the rate they would be charged if Everest did not have a soft dollar arrangement. Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

Everest may receive products and services, in addition to trade execution, in exchange for commissions paid to broker dealers by its discretionary clients. The products and services include research or other information or services related to the investment management for the accounts. The product and services that we receive are utilized specifically to assist in the investment management decision making process for clients.

Everest did not acquire any products or services with client brokerage commissions during our last fiscal year ending December 31, 2011.

EAM does not receive client referrals from broker-dealers.

Clients are not permitted to direct their trades to brokers.

## **Item 13 – Review of Accounts**

At a minimum, all accounts are thoroughly reviewed monthly. On a weekly basis their cash positions and guidelines are reviewed to make sure that they do not have a negative cash position and they are in compliance with their guidelines. Reviews will happen more frequently if there is a material event which would effect the portfolio or a specific holding in the portfolio. Everest has three individuals who review portfolios, Erwin Speckert (Managing Director), Andrew Comstock (Portfolio Manager) and Dwight Bottomley (Portfolio Manager). They review the portfolios and set the portfolio strategies.

Our clients receive their portfolio reports on a quarterly basis. These reports are available on request if a client wants to receive them more frequently (such as monthly). Client reports consist of a monthly performance page, a quarterly performance page, a position report, transaction report and a sector and regional report. We meet with our clients at least once a year to review their accounts as well as goals and objectives. These meetings can take in person or over the phone.

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

Everest Asset Management does pay a referral fee to some individuals or entities that refer new clients to us. Our referral arrangements are disclosed to clients and prospective clients under Rule 206(4)-3 under the Advisers Act. A typical referral fee arrangement would be for a person referring the business to receive a small percentage of the asset management fee we earn over time. It is usually about 20% of management fees over the life of the client relationship.

Everest Asset Management works with Harrington Investments, Inc of Napa, CA on their international Socially Responsibility equity accounts. EAM is compensated a percentage of assets under management.

#### **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. EAM urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

EAM has the right to deduct fees from client accounts to pay for their advisory services. According to SEC rules, advisory firms that are allowed to deduct fees are considered to have limited custody of client assets and as such are required to make sure their clients receive a monthly account statement from the broker where their assets are held.

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

EAM usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated

investment objectives for the particular client account. EAM received discretionary authority from a Limited Power of Attorney (LPOA) form.

When selecting securities and determining amounts, EAM observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, EAM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to EAM in writing. This is done when the initial contracts are signed and at our annual review with clients.

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

As a matter of firm policy and practice, EAM does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. EAM may provide advice to clients regarding the clients' voting of proxies.

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

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about EAM's financial condition. EAM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

### **Item 19 – Requirements for State-Registered Advisers**

This item is not applicable to us.

# **ADV Part 2B Brochure Supplement**

**Erwin T. Speckert, CFA**

**Everest Asset Management AG**

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**December 31, 2011**

## **Item 1- Cover Page**

This Brochure Supplement provides information about Erwin Speckert that supplements Everest Asset Management's Brochure. You should have received a copy of that Brochure. Please contact Andrew Comstock by phone (913) 660 0708 or by email [a.comstock@everestam.com](mailto:a.comstock@everestam.com) if you did not receive Everest's Brochure or if you have any questions about the contents of this supplement.

## **Item 2- Educational Background and Business Experience**

Erwin Speckert was born in 1962. He attended the University of Western Ontario and received a Bachelor of Science in 1984. In 1987, Erwin completed his Master of Business from Queen's University in Kingston, Ontario. Mr. Speckert has been the Managing Director of Everest Asset Management since 2006.

## **Item 3- Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

## **Item 4- Other Business Activities**

Mr. Speckert serves as a director of Cuervo Resources, a Canadian listed company, which is exploring for iron ore in South America.

#### **Item 5- Additional Compensation**

No information is applicable to this Item.

#### **Item 6 - Supervision**

Erwin Speckert is the managing director of EAM and is not directly supervised by other persons. Mr. Speckert is subject to EAM's Code of Ethics and compliance procedures.

#### **Item 7- Requirements for State-Registered Advisers**

This Item is not applicable to Mr. Speckert.

## **ADV Part 2B Brochure Supplement**

**Dwight T. Bottomley, CFA**

**Everest Asset Management AG**

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**Zürich, Switzerland**

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**December 31, 2011**

### **Item 1- Cover Page**

This Brochure Supplement provides information about Dwight Bottomley that supplements Everest Asset Management's Brochure. You should have received a copy of that Brochure. Please contact Andrew Comstock by phone (913) 660 0708 or by email [a.comstock@everestam.com](mailto:a.comstock@everestam.com) if you did not receive Everest's Brochure or if you have any questions about the contents of this supplement.

### **Item 2- Educational Background and Business Experience**

Dwight Bottomley was born in 1976. He attended the University of Tulsa and received a Bachelor of Science in 1999. Mr. Bottomley has been the President of Longbow Asset Management since 2003 and has been a Portfolio Manager with Everest Asset Management since 2007.

### **Item 3- Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

#### **Item 4- Other Business Activities**

Mr. Bottomley is the President of Longbow Asset Management in Tulsa, OK. This firm is an asset management company based in Tulsa, OK.

#### **Item 5- Additional Compensation**

No information is applicable to this Item.

#### **Item 6 - Supervision**

Dwight Bottomley is supervised by Erwin Speckert, Managing Director of EAM. Mr. Bottomley is subject to EAM's Code of Ethics and compliance procedures. Dwight's advisory activities as a portfolio manager are monitored by Erwin Speckert to ensure that they meet client's investment objectives, policies and restrictions.

#### **Item 7- Requirements for State-Registered Advisers**

This Item is not applicable to Mr. Bottomley.



# **ADV Part 2B Brochure Supplement**

**Andrew H. Comstock, CFA**

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**December 31, 2011**

## **Item 1- Cover Page**

This Brochure Supplement provides information about Andrew Comstock that supplements Everest Asset Management's Brochure. You should have received a copy of that Brochure. Please contact Andrew Comstock by phone (913) 660 0708 or by email [a.comstock@everestam.com](mailto:a.comstock@everestam.com) if you did not receive Everest's Brochure or if you have any questions about the contents of this supplement.

## **Item 2- Educational Background and Business Experience**

Andrew Comstock was born in 1977. He attended the University of Tulsa and received a Bachelor of Science in 2000. Mr. Comstock has been a Portfolio Manager with Everest Asset Management since 2006. Prior to EAM he has worked as a Portfolio Manager with Alpine Atlantic Asset Management and Bank von Ernst.

## **Item 3- Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

**Item 4- Other Business Activities**

No information is applicable to this Item.

**Item 5- Additional Compensation**

No information is applicable to this Item.

**Item 6 - Supervision**

Andrew Comstock is supervised by Erwin Speckert, Managing Director of EAM. Mr. Comstock is subject to EAM's Code of Ethics and compliance procedures. Andrew's advisory activities as a portfolio manager are monitored by Erwin Speckert to ensure that they meet client's investment objectives, policies and restrictions.

**Item 7- Requirements for State-Registered Advisers**

This Item is not applicable to Mr. Comstock.