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Kaiser Partner Financial Advisors Ltd. Part 2A of Form ADV – Brochure

Kaiser Partner Financial Advisors Ltd.

Part 2A of Form ADV – Brochure

Cover Page

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This Form ADV Part 2A/Brochure ("Brochure") provides information about the qualifications and business practices of Kaiser Partner Financial Advisors Ltd ("KP FA"). KP FA is a registered investment adviser ("RIA") with the United States Securities and Exchange Commission (the "SEC") under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). If you have any questions about the contents of this brochure, please contact us at +41 (0)44 752 51 52 and or financial.advisors@kaiserpartner.com. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about KP FA is also available on the SEC's website at: www.adviserinfo.sec.gov. There is no specific level of skill or training required to register as a RIA with the SEC.

Material Changes

The last annual update of the KP FA brochure was made March 30, 2011. KP FA's business activities have not changed materially since the last annual update. Material changes to this brochure include: (i) a more detailed description of the investment risks associated with KP FA's services; (ii) a change on the date quarterly asset management fees are debited from the 15th day of the last month in each calendar quarter to the 25th day of the last month within a quarter; and (iii) the fee schedule as applicable to new clients has been modified effective April 1, 2012. We have also clarified each section and therefore, there are non-material changes throughout this update.

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Advisory Business

KP FA primarily provides customized investment management services on a discretionary and a non-discretionary basis to high-net-worth individuals and associated trusts, estates and other legal entities. KP FA generally invests client assets in domestic and international stocks, bonds, mutual funds and exchange traded funds (“ETFs”). Other kinds of investments can be made in accordance with your investment profile and in consultation with our senior portfolio managers. KPFA’s advice is limited to the types of securities and transactions described herein.

Discretionary investment management means that KP FA works with each client to establish an appropriate personal investment profile. Each client then selects from the most suitable investment strategy based on your needs and profile. These strategies are growth, balanced, yield and fixed income strategies. Each client may also impose reasonable restrictions on KP FA’s management of your accounts. Once the strategy is defined and an agreement is signed, investment decisions within the defined mandate will be at the discretion of KP FA.

KP FA provides non-discretionary investment advisory services whereby KP FA does not purchase or sell securities without the client’s consent. In such role, KP FA provides investment recommendations but the ultimate decision on when or what to purchase or sell remains with the client.

KP FA provides fiduciary services whereby KP FA serves as the trustee, corporate administrator, or foundation board member for trusts, companies, or foundations with U.S. settlors or beneficiaries (collectively, “Fiduciary Services”). Generally, KP FA also provides investment advisory services to its Fiduciary Services clients but this is not always the case. The Fiduciary Services provided generally are not activities covered by the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

In addition to the above described services, KP FA offers to clients with over CHF 100 million investable wealth family office services.

KP FA is a Swiss corporation and was founded in April 2009. KP FA is wholly owned by Kaiser Partner Holding Anstalt, Vaduz, Liechtenstein. As of December 31, 2011, KP FA managed \$160 303 430 on a discretionary and non-discretionary basis on behalf of 55 clients, and KP FA’s Fiduciary Services business segment oversaw \$67 346 765 on behalf of 23 mandates.

KP FA is regulated by the Swiss Financial Market Supervisory Authority (FINMA) and is also an active member of the Swiss Association of Asset Managers (SAAM).

KPFA does not participate in wrap fee programs.

Fees and Compensation

Investment advisory services

KP FA offers investment supervisory services in which it provides regular and continuous investment management services on a discretionary and non-discretionary basis.

KP FA charges investment advisory fees for its services consisting of a percentage of the market value of assets being subject to the fee. KP FA may, at its discretion, aggregate related client accounts for fee calculation purposes. Fees may vary depending on the size and nature of the account, and other arrangements may be entered into with the consent of the affected client. KP FA may also charge a fixed dollar fee for services. Fees may be waived, discounted and/or negotiated at the discretion of KP FA. KP FA reserves the right to charge additional fees for services outside the scope of services described below.

The discretionary and non-discretionary asset management fees are charged quarterly in arrears and calculated on the basis of the average assets under management throughout the quarter. For these purposes, the average value of the assets within your account is calculated by taking the average value of the account on three days in each calendar quarter. Those days are as follows:

	Kaiser Partner Privatbank AG, Vaduz	All other preferred banks
1st Quarter	31.01.2012	31.01.2012
	29.02.2012	29.02.2012
	26.03.2012	15.03.2012
2nd Quarter	30.04.2012	30.04.2012
	31.05.2012	31.05.2012
	26.06.2012	15.06.2012
3rd Quarter	31.07.2012	31.07.2012
	31.08.2012	31.08.2012
	26.09.2012	17.09.2012
4th Quarter	31.10.2012	31.10.2012
	30.11.2012	30.11.2012
	27.12.2012	17.12.2012

This discretionary and non-discretionary agreement can be cancelled at any time by the client without penalty. In any partial calendar quarter, the advisory fee will be pro-rated based upon the number of days that the agreement was active during the quarter.

Assets under management (in CHF)	Annual Fee
1 000 000 to 5 000 000	0.90%
5 000 000 to 25 000 000	0.75%
25 000 000 and above	Subject to negotiation

Minimum fee: CHF 25 000 p.a.

The above-described fees cover solely the investment advisory services described above. Any family office services are priced on an individual basis. Fees for other services provided by KP FA are set forth below. Custodian fees, fees for trade settlement and other fees will be charged by the custodian bank chosen by the client and the broker/dealer used for trading securities and foreign exchange. The fees also do not include management or other fees charged by funds or other products that client accounts may be invested in from time to time. If Kaiser Partner Privatbank AG, an affiliate of KP FA, is selected as the custodian bank, it will charge its customary fees for custody services. Kaiser Partner Privatbank AG does not provide broker/dealer services.

Fiduciary Services

KP FA provides Fiduciary Services to clients through its trust department. KP FA separately charges fees for its service as a trustee of a trust and for its service as a director of a foundation. It also separately charges for related services, including service as administrator of offshore companies.

KP FA provides these services for clients to whom KP FA does not provide discretionary asset management services (in which case, investment advisory services shall be provided by third parties). In cases where KP FA provides Fiduciary Services in addition to investment advisory services, the investment advisory fees described above shall apply in addition to the following fees for Fiduciary Services:

Assets under administration (in CHF)	Annual Fee
Up to 10 000 000	0.25%
10 000 000 to 20 000 000	0.125%
20 000 000 and above	0.0625%

Minimum fee: CHF 15 000 p.a.

In certain cases, KP FA may negotiate these fees. These fees are charged quarterly in arrears and calculated on the basis of the average assets under management throughout the quarter. For these purposes, the average value of the assets within a client's account is calculated by taking the average value of a client's account on three days in each calendar quarter. Those days are as follows:

	Kaiser Partner Privat- bank AG, Vaduz	All other preferred banks
1st Quarter	31.01.2012 29.02.2012 26.03.2012	31.01.2012 29.02.2012 15.03.2012
2nd Quarter	30.04.2012 31.05.2012 26.06.2012	30.04.2012 31.05.2012 15.06.2012
3rd Quarter	31.07.2012 31.08.2012 26.09.2012	31.07.2012 31.08.2012 17.09.2012
4th Quarter	31.10.2012 30.11.2012 27.12.2012	31.10.2012 30.11.2012 17.12.2012

Additional compensation for extraordinary services necessary to administer the fiduciary relationship will be charged depending on time and expertise required. Fees for services related to real estate, art, collectables and closely-held business interests and other matters necessary to the administration of trusts, foundation and/or company(ies) will be charged at published hourly rates (Market Head CHF 500/hour, Officer CHF 350/hour, Administrator CHF 200/hour). Fees incurred by outside service providers, for example legal advisors, will be charged to the trust, foundation or company at cost. All fees are subject to VAT at such rates as may be in force at the time that services are performed. These fees are not charged in advance.

Performance Based Fees and Side-by-Side Management

KP FA does not charge any performance-based fees.

Conflicts related to side-by-side management of different accounts may exist. For example, KP FA may manage more than one account according to the same or a substantially similar investment strategy. Side-by-side management of different types of accounts may raise conflicts of interest when two or more

accounts invest in the same securities or pursue a similar strategy. These potential conflicts include the favorable or preferential treatment of an account or a group of accounts, conflicts related to the allocation of investment opportunities, particularly with respect to securities that have limited availability, such as initial public offerings, and transactions in one account that closely follow related transactions in a different account. In addition, the results of the investment activities for one account may differ significantly from the results achieved for other accounts, particularly as a result of KP FAs' practice to individually tailor each client's investment portfolio. KPFA has policies and procedures in place aiming to ensure that all client accounts are treated fairly and equitably. KP FA Advisors strives to equitably allocate investment opportunities among relevant accounts over time. In addition, investment decisions for each account are made with specific reference to the individual needs and objectives of the account. Accordingly, KP FA may give advice or exercise investment responsibility or take other actions for some clients (including related persons) that may differ from the advice given, or the timing and nature of actions taken, for other clients. Investment results for different accounts, including accounts that are generally managed in a similar style, also may differ as a result of these considerations. Some clients may not participate at all in some investments in which other clients participate, or may participate to a different degree or at a different time.

Types of Clients

We primarily provide customized investment management services to high-net-worth individuals and associated trusts, estates and other legal entities. KP FA's minimum account size is CHF 1 000 000 or equivalent in other currencies. KP FA may retain accounts that have dropped below the minimum requirement due to market fluctuation or investment performance. Related accounts may be aggregated for purposes of determining the minimum account size.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Investment management is a dynamic activity that requires ongoing analysis of your holdings. Our investment management staff and client advisors is mindful of each client's unique financial situation and investment objectives when making securities recommendations and always comply with any client-imposed investment restrictions.

Investment analysis tools include fundamental and technical analysis techniques. We also use independent investment consultants that we select using interviews, recommendations from trusted industry professionals and quantitative and qualitative screening procedures.

KP FA's investment management department maintains two committees, which regularly meet and are charged with oversight of investment advisory functions:

- *Investment Committee:* The investment committee is charged with establishing broad, non-client specific investment policies for KP FA. For example, this committee monitors and evaluates economic conditions, establishes broad investment recommendations and oversees asset allocation for investment strategies. The investment committee generally reviews the overall investment environment.
- *Client Committee:* The client committee is charged with overseeing the management of each client's investment mandate. This committee determines and supervises the individual investments and asset allocations for clients based on their individual objectives and risk tolerance profile.

Investment Strategies

	Investment target, risk target and return expectations	Investment vehicles
Fixed income	<ul style="list-style-type: none"> – preservation of asset value – minimal risk – regular interest returns 	<ul style="list-style-type: none"> – bonds and short term investments – convertible bonds – alternative investments – no investment in equity
Yield	<ul style="list-style-type: none"> – long-term asset growth – low risk – returns by interest – and dividend payments completed with capital gains 	<ul style="list-style-type: none"> – bonds and short term investments – convertible bonds – alternative investments – few equity
Balanced	<ul style="list-style-type: none"> – long-term balanced asset growth – moderate risk – returns by interest – and dividend payments completed with capital gains 	<ul style="list-style-type: none"> – bonds and short term investments – convertible bonds – alternative investments – increased share of equities
Growth	<ul style="list-style-type: none"> – long-term considerable asset growth – high volatility – returns with capital gains, completed with interest – and dividend payments 	<ul style="list-style-type: none"> – bonds and short term investments – convertible bonds – alternative investments – higher share of equities

Material Investment Risks

Clients should bear in mind that investing in securities involves a risk of loss. Among other risks, investments will be subject to market risk, liquidity risk, credit and counterparty risk, interest rate risk, risk in fluctuations of commodity pricing, risk of loss due to political and economic developments in foreign markets and risk involving movements in the currency markets. Clients should be prepared to bear the risk of losing their investment in securities. Past performance is not an indication as to future results.

Depending on the specific investments held within the client's account, a client may face the following investment risks:

Market Risk

Market risk refers to the risk of loss arising from general economic and market conditions, such as interest rates, availability of credit, inflation rates, commodity prices, economic uncertainty, changes in laws and national and international political circumstances. Each account is subject to market risk, which will affect volatility of securities prices and liquidity. Such volatility or illiquidity could impair profitability or result in losses.

Risk Related to Equity Investments

Investments in equity securities generally involve a high degree of risk. Prices are volatile and market movements are difficult to predict. These price movements may result from factors affecting individual companies or industries. Price changes may be temporary or last for extended periods. The value of specific equity investments obviously correlates to the fundamentals of each particular security. Prices of equity investments may fall or fail to appreciate regardless of movements in securities markets.

Risks Related to Fixed Income Investments

Investments in fixed income securities (i.e. bonds) represent numerous risks such as credit, interest rate, reinvestment, and prepayment risk, all of which affect the value of the security and volatility of such value. In general, securities with longer maturities are more sensitive to price changes. Additionally, the prices of high yield, fixed-income securities fluctuate more than high quality debt issues. Prices are especially sensitive to developments affecting the company's business and to changes in the ratings assigned by rating agencies. Prices are often closely linked with the company's stock prices. High yield securities can experience sudden and sharp price swings due to changes in economic conditions, stock market activity, large sales by major investors, default or other factors. Developments in the credit market may have a substantial impact on the companies we may invest in and will affect the success of such investments. In the event of a default, the investment may suffer a partial or total loss.

Risks Related to Investments in Funds

For purposes of this discussion, the term "Fund" includes, but is not limited to, a U.S. or non-U.S. unit investment trust, an open-end or closed-end mutual fund, a hedge fund, a private equity

fund, a venture capital fund, a real estate investment trust, an exchange traded fund ("ETFs") or any other private alternative or investment fund). Investments in funds carry risks associated with the particular fund. Each fund and the respective manager will charge their own management and other fees, which will result in a Client bearing an additional level of fees and expenses. U.S. mutual funds generally must distribute all gains to investors, including investors who may not have an economic gain from investing in the fund, which can lead to negative tax effects on investors, particularly non-U.S. persons. Investments in certain non-U.S. funds by U.S. persons result in U.S. tax and reporting obligations and failing to comply with such requirements can result in significant penalties. Funds generally have unique risks of loss as described in their offering documents.

Risks Related to Investments in Derivatives & Certain Funds

- *Leverage:* Certain investment instruments such as derivatives may use leverage to achieve returns. The use of leverage may have the effect of disproportionately increasing an account's exposure to the market for the securities or other 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:* When a derivative or certain other instruments are purchased, a client's account will be subject to the ability and willingness of the other party to the contract (a "Counterparty") to perform its obligations under the contract. Although exchange-traded futures and options contracts are generally backed by a guarantee from a clearing corporation, an account could lose the benefit of a contract in the unlikely event that the clearing corporation becomes insolvent. A Counterparty's obligations under a forward contract, over-the-counter option, swap or other over-the-counter derivative contract are not so guaranteed. 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 or fund may correlate imperfectly with the market price of the asset underlying the derivative position or fund. To the extent that 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 incomplete hedge.
- *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 the Custodian Bank will not be able to correctly value these interests. Certain funds (i.e., exchange traded funds) or other investment products may make use of derivatives or leverage that carry these same risks.
- *Currency Exposure:* A Client's Account may be invested in securities and other investments that are denominated in currencies other than U.S. Dollars. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. Whilst in certain cases we seek to hedge the foreign currency exposure in favor of the Client's selected reference currency, such hedging strategies may not necessarily be available or effective and may not always be employed. Client Accounts generally are routinely subject to foreign exchange risks and bear a potential risk of loss arising from fluctuations in value between the U.S. Dollar and such other currencies.
- *Non-U.S. Investments:* Investments in non-U.S. securities expose the client's portfolio to risks that in addition to those

risks associated with investments in U.S. securities. Such risks include, among other things, trade balances and imbalances, economic policies of various foreign governments, exchange control regulations, withholding taxes, potential for nationalization of assets or industries, and the political instability of foreign nations.

Disciplinary Information

KP FA and its employees have not been involved in any legal or disciplinary events that would be material to a client's evaluation of the company or its personnel.

Other Financial Industry Activities and Affiliations

KP FA is a member of the Swiss Association of Asset Managers (www.vsv-asg.ch), which is a Swiss self-regulatory organization recognized by the Swiss Financial Market Supervisory Authority (www.finma.ch).

KP FA is affiliated with other financial institutions owned by Kaiser Partner Holding Anstalt, Vaduz (collectively known as KP Group). These affiliates include Kaiser Partner Privatbank AG, which serves as custodian for many of KP FA's clients and Kaiser Partner Trust Services Anstalt, which serves as co-trustee and bookkeepers for many of KP FA's trust clients.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

KP FA Advisors has adopted a Code of Ethics (the "Code") and attendant policies and procedures governing personal securities transactions by KP FA Advisors and its personnel. The Code also provides guidance and instruction to KP FA Advisors and

its personnel on their ethical obligations in fulfilling its duties of loyalty, fairness and good faith towards the clients. The overriding principle of KP FA Advisors' Code of Ethics is that all employees of KP FA Advisors owe a fiduciary duty to clients for whom KP FA Advisors acts as investment adviser or sub-adviser. Accordingly, employees of KP FA Advisors are responsible for conducting personal trading activities in a manner that does not interfere with a client's portfolio transactions or take improper advantage of a relationship with any client.

The Code contains provisions designed to try to: (i) prevent, among other things, improper trading by KP FA Advisors' employees; (ii) identify conflicts of interest; and (iii) provide a means to resolve any actual or potential conflicts of interest in favor of the clients. The Code attempts to accomplish these objectives by, among other things, (i) requiring pre-clearance of specific trades, which includes documenting any exceptions to such pre-clearance requirement; (ii) restricting trading in certain securities that may cause a conflict of interest, as well as (iii) periodic reporting regarding transactions and holdings of employees.

The Code contains sections including, but not limited to, the following key areas: (i) restrictions on personal investing activities; (ii) gifts and business entertainment; and (iii) outside business activities.

The Code also provides for the KP FA Advisors' execution of supervisory policies and procedures, and the review and enforcement processes of such policies and procedures. KP FA Advisors has designated a Chief Compliance Officer responsible for maintaining, reviewing and enforcing KP FA Advisors' Code of Ethics and corresponding policies and procedures.

The fundamental position of KP FA Advisors is that, in effecting personal securities transactions, personnel of KP FA Advisors must place at all times the interests of clients ahead of their own pecuniary interests. All personal securities transactions by these persons must be conducted in accordance with the Code of Ethics and in a manner to avoid any actual or potential conflict of interest or any abuse of any person's position of trust and responsibility. Further, these persons should not take inappropriate advantage of their positions with or on behalf of a client.

KP FA Advisors will provide a copy of the Code of Ethics to any client or prospective client upon request.

KP FA may at times invest client accounts in securities or investment products in which KP FA or a related person has some financial interest. KP FA discloses such financial interest to clients consistent with KP FA's duties to its clients as well as applicable laws.

The KP Group Chief Compliance Officer monitors employee trading, relative to client trading, to ensure that employees do not engage in improper transactions.

Brokerage Practices

Most clients of KP FA use Kaiser Partner Privatbank AG as the custodian of their assets managed by KP FA. For such clients, KP FA routes securities trades through third-party broker-dealers who settle directly with Kaiser Partner Privatbank AG.

Not all KP FA clients maintain custody of their assets managed or advised by KP FA at Kaiser Partner Privatbank AG. For those clients who custody assets at third-party custodian banks, depending upon the brokerage practices mandated by the custodian bank, KP FA in most cases routes securities trades through the third-party custodian or through the broker-dealer specified by such custodian bank.

KP FA Selection of Broker-Dealers

When placing securities orders for clients of Kaiser Partner Privatbank AG or when placing securities orders for clients of third-party banks that permit KP FA to use third party broker-dealers, KP FA will route securities orders to third-party brokers and dealers. In selecting brokers and dealers to effect client transactions, KP FA attempts to obtain for clients: (i) the prompt execution of client transactions while market conditions still favor the transaction, and (ii) the most favorable net prices reasonably obtainable. This is called "best execution." In placing orders to purchase and sell equity securities, KP FA selects

brokers that it believes will provide the best overall qualitative execution given the particular circumstances. A broker may provide more favorable terms and a higher quality of service to customers who place a higher volume of transactions through that broker. Accordingly, to obtain the benefits of higher volume trading for clients, we may place a large portion of client equity transactions through a limited number of brokers that meet KP FA's quality standards. When selecting a new equity broker, KP FA 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 ability of the custodian bank to settle transactions with the broker.
- 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 KP FA trades in.
- The broker's ability to communicate effectively with KP FA.
- 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 KP FA'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.

Due to the fact KP FA is based in Switzerland and many of the securities purchased are non-US securities, the brokers used by KP FA may not be registered with the SEC under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act").

KP FA's Chief Compliance Officer reviews the due diligence performed and approves or rejects the selection of each broker.

On a regular basis, KP FA monitors the services provided by the approved brokers, the quality of executions and research, commission rates, the overall brokerage relationship, and any other issues. KP FA periodically will reconsider whether placing a large portion of client trades through a particular broker continues to be in the best interest of our clients.

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 at which the dealer sells the bond. 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. KP FA maintains an approved list of fixed income trading partners. On a regular basis, KP FA monitors its relationships with dealers.

Brokers Selected by Third-Party Custodian Banks

When a client maintains his or her account at a third-party custodian bank, then generally the bank will require that brokerage transactions be routed through the broker-dealer specified by the custodian bank. In most cases, Swiss custodian banks act as a broker-dealer and/or maintain relationships with designated broker-dealers (including potentially an affiliate of the custodian bank). If required by the custodian bank, KP FA effectuates security transactions through the custodian bank or the broker or dealer designated by the custodian bank selected by the client. In such cases, KP FA cannot guarantee that the client will receive best execution or the best commissions because KP FA does not control these factors. Clients should be aware of the factors outlined below under the heading Directed Brokerage as these factors also apply with respect to assets maintained at Swiss banks. Clients also should be aware of the potential that the broker-dealer used for transactions may not be a registered broker-dealer under the Exchange Act.

Directed Brokerage

A client may direct KP FA to use a particular broker or dealer who has an existing relationship with or provides custodial or other services to a client. KP FA requires any directed brokerage

instructions to be in writing unless such arrangement is inferred in the context of the custodian’s brokerage limitations. Generally, all Swiss custodian banks require use of their broker, and as a result, KP FA treats such arrangements as client directed brokerage because the client selects the custodian bank.

Before choosing to enter into a directed brokerage arrangement, clients should be aware of the following disadvantages:

- KP FA 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 KP FA is placing orders in the same security for both directed brokerage clients and clients that use other brokers, KP FA usually place orders for directed brokerage clients after it has placed orders for other clients.

Block Trades

KP FA generally will combine orders into block trades when purchasing the same security for multiple client Accounts. Such aggregated orders (“block trades”) will be pre-allocated among the participating client Accounts. Participating Accounts in a block trade placed with the same broker or the same custodian bank generally will receive an average price and pay a pro rata share of any transaction costs. Partial fills of transactions will be allocated on a pro rata share basis.

Because KP FA’s clients maintain Accounts at different custodian banks and because many of these custodian banks

mandate the use of a specific broker (see description above), often KP FA places more than one block trade for the same security with more than one broker. KP FA transmits such block trades to more than one broker in a random pattern (i.e., KP FA does not favor one custodian bank or broker over another with respect to the order in which block trade orders are sent). The average price realized on a securities order placed with different brokers will vary broker to broker, and clients generally will receive different average prices and transaction costs for the same security order depending upon the custodian bank and the respective broker used in the block trade. Also note, since most Swiss custodian banks warehouse securities orders until filled, there may be delays in settlement between client Accounts depending on the practice of the respective custodian bank and/or broker.

Decision Making Process; Balancing the Interests of Multiple Client Accounts

In making the decision as to which securities are to be purchased or sold and the amounts thereof, KP FA Advisors is guided by the general guidelines set up at the inception of the adviser-client relationship in cooperation with the client and a periodic review of the asset allocation. These general guidelines cover such matters as the relative proportion of debt and equity securities to be held in the portfolio, the degree of risk that the client wishes to assume and the types and amounts of securities to be held in the portfolio. KP FA Advisors' authority may be further limited by specific instructions from the client, which may restrict or prohibit transactions in certain securities.

KP FA Advisors may manage numerous accounts with similar or identical investment objectives or may manage accounts with different objectives that may trade in the same securities. Despite such similarities, portfolio decisions relating to client investments and the performance resulting from such decisions may differ from client to client. KP FA Advisors will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible clients, particularly if different clients have selected different investment profiles, have materially different amounts of capital under management with KP FA Advisors or different amounts of investable cash available. In certain instances such as purchases of less liquid publicly

traded securities (as some small cap securities frequently are) or oversubscribed public offerings, it may not be possible or feasible to allocate a transaction pro rata to all eligible clients, especially if clients have materially different sized portfolios. Therefore, not all clients will necessarily participate in the same investment opportunities or participate on the same basis.

Use of Soft Dollars

KP FA may maintain soft dollar arrangements, and to the extent it does it will only do so in accordance with the conditions of the safe harbor provided by Section 28(e) of the Exchange Act. Section 28(e) is a "safe harbor" that permits an investment manager to use brokerage commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process).

Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data, certain valuation and pricing data and economic data); and advice from brokers on order execution.

Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

Trade Errors

Although the KP FA Advisors' goal is to execute trades seamlessly in the manner intended by the client and consistent with its investment decisions, KP FA Advisors recognizes that errors can occur for a variety of reasons. KP FA Advisors' policy in dealing with such errors is to:

- Identify any errors in a timely manner.
- Correct all errors so that any affected account is placed in the same position it would have been in had the error not occurred.
- Incur all costs associated with correcting an error (or to pass the costs on to the broker, depending on which party is at fault). Costs from corrective actions are not to be passed on to a client.
- Evaluate how the error occurred and assess if any changes in any processes are warranted or if any continuing education is required.

The consequences and the required corrective measures may be different depending upon the nature of the error or the account affected.

Review of Accounts

(A) The portfolios of all investment advisory clients are reviewed regularly, at least quarterly by the Chief Investment Officer. The review includes a listing of the investments in the account, the transactions occurring in the account during the previous period, and the investment performance of the account during the previous period. Transactions in accounts are reviewed by KP FA on a regular basis. The stocks owned by our clients are reviewed whenever earnings or significant news are announced. Significant changes in stock prices will also trigger a review. An account is reviewed whenever there's a significant change in the client's personal / economic situation. Various other circumstances also result in review of accounts.

(B) Clients are provided with quarterly performance and

written custodial reports from the custodian. These reports include a listing of all valuations, and a listing of all transactions occurring during the period along with information concerning the allocation of the assets in the client account among various asset classes and the investment performance of the client account during the quarter.

Client Referrals and Other Compensation

KP FA does not receive third-party compensation related to client investments. Any placement fees received will be credited to the respective clients' accounts..

Custody

KP FA only provides management or advisory services for clients with accounts maintained at qualified custodians as that term is defined in the Advisers Act. Each client maintains a separate account at the custodian bank. The client establishes his or her account directly with the custodian bank, and therefore, the client is aware of the qualified custodian's name, address and the manner in which investments are maintained. Account statements are prepared by the custodian bank and delivered directly to the client or the client's representative at least quarterly. Generally, these statements include a listing of all valuations and all transactions occurring during the period. Clients should carefully review these statements and when they have questions contact either KP FA or the custodian bank.

For clients who custody their account at Kaiser Partner Privatbank AG, KP FA is deemed to have custody of client assets by reason of Kaiser Partner Privatebank being a related party to KP FA. Further, KP FA directly debits its fees from each client's account. KP FA and Kaiser Partner Privatbank AG comply with applicable rules under the Advisers Act pertaining to custody of client funds.

For clients who custody their account at third-party custodian banks, KP FA is deemed to have limited custody by reason of KP FA having the authority to deduct its fees directly from a client's account.

Investment Discretion

KP FA has investment discretion over all clients' discretionary accounts. Clients grant KP FA trading discretion through the execution of a limited power of attorney provided by the custodian bank and under such powers granted under the investment management agreement.

Clients may place reasonable restrictions on KP FA's investment discretion. For example, some clients have asked KP FA not to buy securities issued by companies in certain industries, or not to sell certain securities where the client has a particularly low tax basis.

In the context of a nondiscretionary mandate, KP FA's investment discretion is limited to an advisory role and KP FA does not implement investment decisions without the approval of the client. KP FA never has discretionary authority to select a qualified custodian for a client's account.

Voting Client Securities

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act, KP FA Advisors has adopted and implemented written policies and procedures governing the voting of client securities. KP FA generally does not have the authority to vote client proxies, as disclosed in KP FA's asset management agreement. If KP FA inadvertently receives any proxy materials on behalf of a client, KP FA will promptly forward such materials to the client.

KP FA does not direct client participation in class action lawsuits. KP FA will determine whether to return any documentation inadvertently received regarding clients' participation in class actions to the sender, or to forward such information to the appropriate clients.

KP FA will not advise or act on behalf of clients in any legal proceeding, including bankruptcies or securities shareholder class action litigation involving securities held or previously held in client accounts. Accordingly, KP FA is not responsible for responding to, or forwarding to clients, any class action settlement offers relating to securities currently or previously held in the client account.

Financial Information

KP FA has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts. As of the date of this brochure, we do not believe it is reasonably likely that any future liability will impact our ability to meet our contractual commitments to our clients.