

## ANNEX III: ADV Form Part II Replacement Brochure

Swiss American Advisors AG, ADV Form Part II Replacement Brochure		
Address:	Gartenstrasse 36	Tel: +41 43 343 6165
	CH-8002 Zurich	Fax: +41 43 343 6167
	Switzerland	E-Mail: info@s-a-advisors.com
SEC File No. 801-71175		

*This brochure serves as a replacement to Part II Form ADV Uniform Application for Investment Advisor Registration, which gives information about an investment advisor and its business for the use of clients and prospective clients. This information has not been approved or verified by any government (US or Swiss) authority. Registration of an investment advisor does not imply that the advisor possesses a certain level of skill or training.*

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### 1. Advisory, Management Services and Fees

Swiss American Advisors AG (hereafter “the Company”) a company established under Swiss law, is acting as an asset manager and investment advisor. The Company is a member of the Swiss Association of Asset Managers (SAAM) and is registered with the U.S. Securities Exchange Commission (SEC) as an Investment Advisor. The Company, in its current form since November 19, 2009 and at its current address since March 1, 2010, provides investment services to individual and corporate clients, trusts and foundations. The Company’s primary service in managing separate portfolios of clients who grant the Company discretionary management authority or client taking advantage of the Company’s advisory services, for those clients who prefer to manage their own portfolios.

For both managed and advisory accounts, a service fee equivalent to 1% p.a. (0.25% per quarter) of the value of the portfolio on the last business day of the quarter (March, June, September, December), will be levied. The Company also receives retrocession equivalent to a maximum of 50% on commission levied by the depository bank on securities transactions. Commission levied by the depository banks is based upon their current fee structure. Clients may upon request, be informed about retrocession which the Company has received on their behalf.

The Company believes the fees and costs involved with both the managed as well as the advisory portfolios, are competitive with other institutions in Switzerland and worldwide. The Company estimates running costs for the client of approx. 1.25 - 1.50% p.a. (management & depository banks) of the average portfolio value. Market conditions over the running year may cause significantly higher or lower fees for the client, than the estimated average range mentioned above.

Clients may at any time add or withdrawal assets from/to their account. There is in most cases, no lock-up provisions.

### 2. Types of Clients

Most of the Companies clients are medium to wealthy individuals or families, of whom many have know and worked together with the Company’s managers for many years.

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### **3. Types of Investments**

Typical investments include international common and preferred stocks, mutual funds, bonds, time deposits denominated in various currencies, precious metals, warrants, options and hedge funds. These investments are diversified both in geographic terms and in the currencies they are traded.

### **4. Method of Analysis, Source of Information and Investment Strategies**

The Company employs a wide range of methods to evaluate investments and manage portfolios, including fundamental analysis, technical analysis together with analysis of the economic, market, industry, the firm itself and cycles and trends. The Company's investment philosophy is international diversification, not exposing clients to higher risks than they are prepared to take (according to investment profile).

The main sources of information used are financial newspapers and publications, both in print and in electronic forms, Internet, broker research information, corporate reports and press releases.

The Company continually adapts its investment strategies to match the market conditions and individual client needs, based upon the basic guideline and strategy which is currently applicable for the account in question. The Company generally attempts to hold securities for a duration of 6 – 12 months however, market conditions are not predictable and can shorten the duration a security is held. Investments on margin can only be made upon the client's request and approval. Investments in options (long or short) can be made to either cover (hedge) existing holdings or enhance the overall portfolio diversification. Such investments are not the basis for the investment strategy.

### **5. Education and Business Standards**

The Company's full-time investment professional must have a college (Swiss or US equivalent) or better, and must have pursued a bank/investment training program and have at least 10 years experience in the business.

### **6. Education and Business Background**

Otto Hueppi, born in 1959, is the managing director of the Company. He received a Bachelor of Arts in 1981, from the University of South Florida. He brings with him more than 29 years of experience from working with 4 Swiss Banks.

Markus Grieb, born in 1970, is director and Chief Compliance Officer of the Company. He has a Swiss-certified banking expert with a Swiss Federal Diploma from 1998. He brings with him more than 20 years of experience working with 2 Swiss Banks.

### **7. Other Business Activities**

The Company is involved exclusively in the business of asset management and advisory services.

### **8. Other Financial Industry Activities or Affiliations**

The Company is an independent asset manager and has no direct affiliations to other institutions. Clients of the Company make use of the banking, clearing and depository services of other Swiss banks with which the clients have established an account relationship. These banks levy fees for safe custody, accounting, securities transactions and general banking business such as transfers of cash, issuing and collecting checks etc., based upon their own fee schedule and policies.

### **9. Participation or Interests in Client Transactions**

The Company as an advisor or manager, does not buy or sell any securities itself. The Company furthermore, prohibits that employees themselves or the knowledge of employees is used to benefit from short-term market effects (front, parallel or after running) of client transactions. The Company gives all investment instructions to the depository bank for execution. Compliance reviews all transactions made by the Company or any of its employees.

The Company has a Code of Ethics which is to be strictly followed. Furthermore the Swiss Association of Asset Managers ([www.vsv-asg.ch](http://www.vsv-asg.ch)) regulations are to be followed and audited by external auditors.

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### 10. Conditions for Managing Accounts

The Company generally requests a minimum of USD 500'000 to establish either an advisory or managed Portfolio. It believes that this is the minimum amount required to successfully execute its investment strategies for an individual portfolio. Smaller accounts can be accepted at the Company's discretion.

### 11. Review of Accounts

The Company's portfolio managers and Compliance regularly monitor accounts to identify and correct any transactions or valuation errors, and to implement strategies that serve each client's investment objectives. At a minimum, a review is conducted by the portfolio manager, the day of and the day following the booking of any securities transactions being made on a client's account.

Performance figures are reviewed monthly by the portfolio managers. More frequent account reviews are triggered by such factors as; a) awareness of a material change in a client's circumstances or investment objectives, b) significant changes in the market conditions, c) changes in the portfolio manager's assessment of a security held in an account, and d) divergence of an account's investment performance from management's expectations.

Portfolio statements, indicating the current value, year-to-date performance and the current holdings in the portfolio, are to be sent to clients on a quarterly basis, directly from the depository bank, unless otherwise instructed by the client. Individual contract notes for each transaction made, showing prices and any commissions or charges levied, can be sent upon request, from the depository bank. Annual statements required for filing taxes, showing gains/losses, income and fees deducted, will be sent to the client in the first quarter of the calendar year.

Upon request, the Company will provide additional reports showing diversification of the portfolio by industry, sector, currency, region and investment type, along with cost basis, profits or losses of all securities held by the client. Through personal meetings, telephone calls, e-mails or other forms of communication, the Company regularly informs the client about investment policies and strategies being followed to achieve the client's investment objectives. The nature and frequency of these reports and other communications are determined primarily by the particular needs and wishes of each client.

The Company will inform clients through this and/or other printed material regarding its policy and any changes thereto at minimum, on an annual basis.

### 12. Investment or Broker Discretion

The Company provides advisory services and manages accounts on a discretionary basis, on the client's behalf.

This discretionary management authority gives the Company the power to decide on the securities, the timing and size of any investment to be made on the client's behalf. Without specific client instructions (signed), the Company does not, with the exception of its quarterly management fee, have the authority or power to transfer funds or securities to or from the client's account.

### 13. Additional Compensation

The Company does not have arrangements for receiving compensation for any services or functions other than those mentioned in Item 1 (Advisory, Management Services and Fees).

Zürich, June 30, 2010