

# SNW Asset Management, LLC

## **Form ADV Part 2A (the “Brochure”)**

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[www.snwam.com](http://www.snwam.com)

Updated: March 2012

This brochure provides information about the qualifications and business practices of SNW Asset Management, LLC (“SNW Asset Management” or “we”). If you have any questions about the contents of this brochure, please contact us at (206) 628-2882. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

SNW Asset Management is an SEC 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 the information about which you determine to hire or retain an Adviser.

Additional information about SNW Asset Management is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

SNW Asset Management's most recent update to Part 2 of Form ADV was made in April 2011. SNW Asset Management's business activities have not changed materially since the time of that update.

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 material 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.

SNW Asset Management, LLC's business activities have not changed materially since the time of the last filing of its Form ADV. This updated brochure contains minor word level changes that do not create a material change since the last filing of the firm's Form ADV Part 2.

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

## Item 3 – Table of Contents

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## Item 4 – Advisory Business

SNW Asset Management is a SEC registered investment advisor founded in 2002 and is a wholly-owned subsidiary of Seattle-Northwest Securities Corporation, a FINRA member broker-dealer and investment bank.

SNW Asset Management's clients include individuals, small businesses, institutions (including pension and profit sharing plans, trusts, charitable organizations, and governmental entities) and other registered investment advisors acting as a sub-advisor.

SNW Asset Management may offer investment advice on the following types of investments:

- Municipal securities
- Corporate debt securities
- U.S. government securities
- Agency securities
- Mortgage pass-through securities

SNW Asset Management provides customized fixed-income investment portfolio management to meet the needs and objectives of our clients. SNW Asset Management's services include development of investment strategies, evaluation and appraisal of current securities held as well as securities considered for purchase, construction of fixed-income investment portfolios, execution of securities purchase and sale transactions, and portfolio administration, including tracking of and reporting on portfolio performance and investment results.

As of March 27, 2012, SNW Asset Management managed approximately \$1.4 billion on a discretionary basis on behalf of 522 clients.

### Mutual Funds

SNW Asset Management acts as an investment adviser to one mutual fund, the SNW Oregon Short-Term Tax Exempt Bond Fund. Only the Institutional Class will be offered with the following features:

| Class         | Minimum Investment | Front-End Sales Load | Redemption Fee<br>(within 30 days of purchase) |
|---------------|--------------------|----------------------|--|
| Institutional | \$10,000           | None                 | 2.00%  |

SNW Asset Management's only compensation from the Fund is a 0.45% investment management fee based on the assets under management in the Fund. For a copy of the Fund's prospectus, please call (206) 628-2882

## Item 5 – Fees and Compensation

The management fees charged for investment management services are generally charged quarterly, in arrears, based on the value of the assets under management on the last day of each quarter. The standard fee schedule for different client types is as follows:

### Schedule of Fees for Individual Clients

| ASSETS UNDER MANAGEMENT |               | FEES  |
|-------------------------|---------------|-------|
| From                    | To            | Fees  |
| \$ 1,000,000            | \$ 2,000,000  | 0.40% |
| \$ 2,000,000            | \$ 5,000,000  | 0.35% |
| \$ 5,000,000            | \$ 10,000,000 | 0.30% |
| \$ 10,000,000           | \$ 15,000,000 | 0.25% |
| \$ 15,000,000           | \$ 20,000,000 | 0.20% |

*Each relationship is a minimum of \$1mm in assets under management.*

*Each account has a minimum of \$500,000.*

*Fees for accounts less than \$1mm will be assessed at 50 basis points.*

### Schedule of Fees for Institutional Clients

The fees charged for institutional clients are usually negotiated depending on the size of the assets to be managed by SNW Asset Management.

### Schedule of Fees for RIAs

- For tax-efficient portfolios, fees are twenty-five (25) basis points per account with a minimum quarterly charge of \$500.00.
- For taxable portfolios, including IRAs and other types of tax advantaged accounts, fee are thirty (30) basis points per account with a minimum quarterly charge of \$500.00

In limited circumstances, SNW Asset Management, in its sole discretion, may negotiate to charge a lesser fee than those reflected on the schedule above. Therefore, fees may differ among clients based upon any opportunity to capture economies of scale with larger accounts.

SNW Asset Management charges its management fees to all direct clients quarterly in arrears based on the account value at the end of the prior quarter. If SNW Asset Management and the client agree, the fees due to SNW Asset Management may be deducted from the Accounts rather than paid separately.

If a client terminates the investment management agreement in the middle of a billing period, SNW Asset Management's management fees shall be pro-rated based on the number of days that the account was managed.

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

SNW Asset Management 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

SNW Asset Management generally provides portfolio management services to: Individuals; High net worth individuals, small businesses; Institutions including pension and profit sharing plans, trusts, charitable organizations, and State or Municipal government entities; Registered Investment Advisers; and investment companies (mutual fund).

SNW Asset Management generally does not accept new direct accounts of less than \$1 million in assets.

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

### Methods of Analysis

SNW Asset Management uses the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis:** SNW Asset Management attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of a company or government entity) to determine if the company or government entity is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). SNW Asset Management looks for securities which offer attractive after-tax yields, strong/improving issuer fundamentals, sound security structure liquidity/marketability and relative value.

**Cyclical Analysis:** SNW Asset Management seeks to add value for our clients through disciplined management of fixed-income portfolio holdings over the entire interest rate cycle. The key to our investment approach is to appraise correctly where we are in the overall interest rate cycle at any given time, then to array portfolio holdings correctly to benefit from favorable moves in interest rates as they play out or to defend against unfavorable ones. Bond prices move inversely to interest rates – they rise when rates go down, and vice-versa. Bond prices are also more volatile – meaning that they change by a greater magnitude – for longer-maturing bonds than for shorter ones. For these reasons, we try to lengthen portfolio maturities when we believe interest rates are headed down, and to shorten them when we think interest rates are about to rise.

**Other:** SNW Asset Management undertakes extensive analysis of the shape and slope of the securities yield curve to capture investment opportunities offering optimum trade-offs between price risk and

incremental yield. SNW Asset Management also examines spread relationships among different fixed-income sectors, such as federal agency debt, structured products and corporate obligations.

**Risk for all forms of analysis:** SNW Asset Management's analysis methods rely on the assumption that the entities whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### **Investment Strategies**

**Long term purchases:** SNW Asset Management may purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- We believe the securities to be currently undervalued, and/or
- We want exposure to a particular asset class over time, regardless of the current projection for this class.

**Short term purchases:** When utilizing this strategy, we may purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Other:** SNW Asset Management may from time to time purchase or sell financial futures or options contracts strictly for the purpose of hedging or limiting investment risk.

**Risk of Loss:** Securities investments are not guaranteed and you may lose money on your investments. SNW Asset Management's process is to work collaboratively with our clients to understand their tolerance for risk.

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

SNW Asset Management is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or the integrity of our management. We do not have any events to disclosure.

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

SNW Asset Management is a wholly-owned subsidiary of Seattle-Northwest Securities Corporation ("SNW"), a FINRA member broker-dealer and investment bank.

SNW Asset Management's parent, SNW, may act as principal to buy securities from, or sell securities to, SNW Asset Management's clients. SNW Asset Management may conduct securities transactions through SNW if SNW is the sole source of supply (as may often be the case with tax-exempt securities underwritten and issued in the Pacific Northwest). SNW Asset Management insists that securities transactions on behalf of its clients be executed at the most favorable price available. SNW Asset Management ensures best execution of all transactions and that trades are executed without mark-ups. SNW Asset Management's standard advisory contract discloses this process to clients and provides for client's consent thereto.

Certain of SNW Asset Management's employees are registered representatives of SNW for the sole purpose of marketing the SNW Oregon Short-Term Tax Exempt Bond Fund. Those employees will not earn transaction-based compensation for selling the Fund. Those employees do not sell any other securities and therefore do not earn a commission or other transaction-based compensation for the sale of any security to a direct client for which SNW Asset Management charges an investment management fee.

## **Item 11 – Code of Ethics**

SNW Asset Management has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. 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 must acknowledge the terms of the Code of Ethics annually, or as amended.

SNW Asset Management anticipates that, in appropriate circumstances, consistent with client's investment objectives, it will cause accounts over which SNW Asset Management has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which SNW Asset Management, its affiliates and/or clients, directly or indirectly, have a position of interest. SNW Asset Management's employees and persons associated with it are required to follow SNW Asset Management's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of SNW Asset Management and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for SNW Asset Management's clients. The Code of Ethics is designed to assure that personal securities transactions, activities and interests of the employees of SNW Asset Management 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. 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 SNW Asset Management and its clients.

The Code of Ethics (the "Code") sets forth SNW Asset Management's standard of business conduct as a fiduciary and specifically requires that its employees comply with all applicable securities laws.

### **Fiduciary Responsibility**

The Code requires that SNW Asset Management personnel carry out their duties for the exclusive benefit of our clients. Consistent with this fiduciary duty, the interests of clients take priority over the personal investment objectives and other personal interests of SNW Asset Management personnel.

### **Compliance with Laws and Regulations**

All individuals subject to the Code are required to comply with all applicable laws and regulations.

### **Confidentiality**

SNW Asset Management restricts access to nonpublic and confidential information to only those employees who need to know that information in order to provide products and services to our clients. SNW Asset Management maintains physical, electronic, and procedural safeguards to protect this sensitive information.

### **Personal Securities Trading of SNW Asset Management Employees**

All SNW Asset Management personnel are required to report their personal securities transactions and holdings. Investments in IPO's or private placements must be pre-approved by the compliance department.

### **Reporting Violations**

All employees must promptly report any practices or actions inconsistent with any provisions of the Code to the Compliance Department. Any person reporting a violation in good faith will be protected against reprisals.

SNW Asset Management's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Compliance at (206) 628-2882.

## **Item 12 – Brokerage Practices**

Under SNW Asset Management's standard discretionary management contract, which governs a substantial preponderance of our asset management business, we have complete authority to determine (1) the specific securities to be bought and sold, (2) the amounts thereof, and (3) the dealers to be used in the execution of transactions. The contract does not include any limitations on such authority.

SNW Asset Management works only with fixed-income securities, which are traded in dealer markets. When determining dealers to be used in the execution of securities transactions, SNW Asset Management takes into account dealers' (1) expertise and market-making capabilities with respect to the type of securities being bought or sold, (2) history of making competitive bids and offers, and (3) history of flexibility with respect to settlement dates. Our practice is to transact business with the dealer making the best bid or offer on each security transaction, consistent with settlement date needs of our clients.

### **Research and Other Soft Dollar Benefits**

SNW Asset Management does not use soft dollars for any accounts. SNW Asset Management does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions.

### **Brokerage for Client Referrals**

SNW Asset Management does not consider, in selecting broker-dealers, whether SNW Asset Management or a related person receive client referrals from such broker-dealer or third parties.

### **Directed Brokerage**

SNW Asset Management do not recommend, request or require that a client direct execution of transactions through a specified broker-dealer.

SNW Asset Management does not permit its clients to direct execution of transactions through a specified broker-dealer.

### **Trade Aggregation and Allocation**

SNW Asset Management will, from time to time, aggregate trades across various client accounts. This is done only when the purchase or sale of a security is in the best interest of each individual client account. When a trade is aggregated across client accounts, one or all of the following characteristics of each individual account is considered: risk tolerance, investment objective, investment horizon, liquidity needs, place of residence, marginal tax bracket, and any limits or preferences the client has specified regarding their account.

In allocating the aggregated trades to client accounts, SNW Asset Management's practice is to allocate securities to portfolios deriving the greatest benefit from additional investment, taking into account (a) the suitability of the available security for each portfolio, given the credit and maturity profiles of the

portfolios, (b) the proportion of cash awaiting investment to the overall size of each portfolio, (c) the opportunity to break the security purchased into transactional-efficient multiples when distributing allocations among portfolios, and (d) the availability of close substitutes among securities offered in the new issue and secondary markets.

### **Item 13 – Review of Accounts**

SNW Asset Management reviews the investment objectives of our clients on at least an annual basis to discuss whether the client's circumstances have changed and to ascertain whether the agreed upon strategy is still appropriate. Other factors that would trigger a more frequent review include a change of the client's state of residence, employment status, risk tolerance and needs for income. Clients can also initiate a review upon request.

Additionally, SNW Asset Management reviews the securities within client accounts on a regular basis and formally through the monthly investment committee meeting.

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

SNW Asset Management pays a portion of the management fees for a limited period of time to affiliated persons in connections with that person's referral of a client to SNW Asset Management. These affiliated persons are Registered Representatives of SNW, the parent company of SNW Asset Management.

### **Item 15 – Custody**

SNW Asset Management's client accounts are held in custody by unaffiliated broker-dealers, banks or other qualified custodians. Clients should receive monthly statements from their custodian. SNW Asset Management urges its clients to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. SNW Asset Management's account statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

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

SNW Asset Management has investment discretion for all of its clients' accounts. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, SNW Asset Management observes the investment policies, limitations, and restrictions of the clients for which it advises.

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

SNW Asset Management works only with fixed-income securities. Such securities do not have voting rights as they are debt instruments and not equity holdings.

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

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about SNW Asset Management's financial condition.

SNW Asset Management has no financial condition that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

# **SNW Asset Management, LLC**

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

1420 Fifth Avenue, Suite 4300  
Seattle, WA 98101  
(206) 628-2882  
[www.snwam.com](http://www.snwam.com)

Edward Bernhardt, CFA  
Timothy Benzel, CFA  
Brian Hanson

Anthony Baruffi, CFA  
Galen True

Thomas Mitchell  
Mark Baker

This Brochure Supplement provides information on our personnel listed above and supplements the Brochure. You should have received a copy of that Brochure. Please contact us at (866) 769-2773 if you have not received SNW Asset Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about our personnel is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



Edward Bernhardt, CFA  
Managing Director  
Portfolio Manager

#### Educational Background and Business Experience

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Year of Birth: 1976

Designations:

- CFA (Chartered Financial Analyst)

Education:

- BA History & American Studies, University of California at Santa Cruz

Business Background:

- |                             |                                     |
|-----------------------------|-------------------------------------|
| ▪ SNW Asset Management, LLC | 2005 – Present                      |
| ▪ Northwest Corporate CU    | 2003 – 2005 (Portfolio Manager)     |
| ▪ Wells Fargo Securities    | 2000 – 2003 (Trader – Fixed Income) |

#### Disciplinary Information

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None

#### Other Business Activities

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None

#### Additional Compensation

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None

#### Supervision

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Edward Bernhardt reports directly to the CEO & President of SNW Asset Management, Maud Daudon.



Anthony Baruffi, CFA  
Senior Vice President  
Portfolio Manager

#### Educational Background and Business Experience

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Year of Birth: 1971

Designations:

- CFA (Chartered Financial Analyst)

Education:

- BA Economics, Pepperdine University

Business Background:

- |                             |   |
|-----------------------------|---|
| ▪ SNW Asset Management, LLC | 2007 – Present                            |
| ▪ Pugh Capital Management   | 2004 – 2007 (Assistant Portfolio Manager) |
| ▪ Sirach Capital Management | 1999 – 2004 (Portfolio Manager)           |

#### Disciplinary Information

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None

#### Other Business Activities

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None

#### Additional Compensation

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None

#### Supervision

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Anthony Baruffi reports directly to Edward Bernhardt, Managing Director.



Thomas Mitchell  
Vice President  
Senior Portfolio Manager

#### Educational Background and Business Experience

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Year of Birth: 1943

Education:

- BA History, Stanford University
- JD, University of Virginia
- MBA in Finance, University of Oregon

Business Background:

- |                             |   |
|-----------------------------|---|
| ▪ SNW Asset Management, LLC | 2002 – Present  |
| ▪ Morley Financial Services | 1999 – 2002 (Sr. Portfolio Manager, Director of Compliance) |

#### Disciplinary Information

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None

#### Other Business Activities

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None

#### Additional Compensation

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None

#### Supervision

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Thomas Mitchell reports directly to Edward Bernhardt, Managing Director





Timothy Benzel, CFA  
Assistant Vice President  
Portfolio Manager

#### Educational Background and Business Experience

Year of Birth: 1983

Designations:

CFA (Chartered Financial Analyst)

Education:

- BS Finance minor in Economics, Linfield College

Business Background:

- |                             |                         |
|-----------------------------|-------------------------|
| ▪ SNW Asset Management, LLC | 2010 – Present          |
| ▪ Neuberger Berman          | 2007 – 2010 (Associate) |

#### Disciplinary Information

None

#### Other Business Activities

None

#### Additional Compensation

None

#### Supervision

Timothy Benzel reports directly to Edward Bernhardt, Managing Director.



Galen True  
Assistant Vice President  
Portfolio Manager

#### Educational Background and Business Experience

Year of Birth: 1985

Education:

- BSM Accounting & Finance, A.B. Freeman School of Business, Tulane University

Business Background:

- SNW Asset Management, LLC 2009 – Present
- Paragon Investment Management 2008 – 2009 (Internship)
- Galen True was a full time student at Tulane University prior to his internship at Paragon

#### Disciplinary Information

None

#### Other Business Activities

None

#### Additional Compensation

None

#### Supervision

Galen True reports directly to Edward Bernhardt, Managing Director.

Mark Baker  
Senior Vice President  
Sales & Client Services

#### Educational Background and Business Experience

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Year of Birth: 1963

Education:

- BA Finance, Western Washington University

Business Background:

- |                             |                                  |
|-----------------------------|----------------------------------|
| ▪ SNW Asset Management, LLC | 2011 – Present                   |
| ▪ Cisco                     | 2009 – 2011 (Account Executive)  |
| ▪ HTC                       | 2005 – 2009 (Executive Director) |

#### Disciplinary Information

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None

#### Other Business Activities

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None

#### Additional Compensation

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None

#### Supervision

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Mark Baker reports directly to Edward Bernhardt, Managing Director.

Brian Hanson  
Vice President  
Sales & Client Services

#### Educational Background and Business Experience

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Year of Birth: 1973

Education:

- BA Business Administration – Finance & Marketing, University of Washington

Business Background:

- |                                 |  |
|---------------------------------|--|
| ▪ SNW Asset Management, LLC     | 2011 – Present                                 |
| ▪ Echelon Consulting            | 2009 – 2011 (Founder, Consultant)              |
| ▪ RA Bench                      | 2008 - 2009 (Director of Business Development) |
| ▪ Lake Union Capital Management | 2007 – 2007 (Chief Marketing Officer)          |
| ▪ Blackrock/Quellos Group       | 1998 – 2007 (Manager)                          |

#### Disciplinary Information

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None

#### Other Business Activities

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None

#### Additional Compensation

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None

#### Supervision

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Brian Hanson reports directly to Edward Bernhardt, Managing Director.

## SUMMARY OF PROFESSIONAL DESIGNATIONS

This summary of professional designations is provided to assist you in evaluating the professional and minimum requirements of our investment professionals to hold these designations.

"Understanding Professional Designations" may also be helpful and can be found on the FINRA website at: <http://apps.finra.org/DataDirectory/1/prodesignations.aspx>.

### CFA – Chartered Financial Analyst

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Issued by:

CFA Institute

Pre-requisites/Experience required: (Candidates must meet one of the following requirements)

- Undergraduate degree and 4 years of professional experience involving investment decision-making, or
- 4 years qualified work experience (full time, but not necessarily investment related)

Educational Requirements:

- Study program (250 hours of study for each of the 3 levels)

Examination Type:

- 3 course exam

Continuing Education/Experience Requirements

- None