

# Westmount Asset Management, LLC

## Part 2A of Form ADV

### The Brochure

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This brochure provides information about the qualifications and business practices of Westmount Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at 310-556-2502. 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.

Registration with the SEC does not imply that Westmount Asset Management, LLC, or any employees of Westmount Asset Management, LLC possess a particular level of skill or training.

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

## **II. Material Changes**

Westmount Asset Management, Inc. formed Westmount Asset Management, LLC, (“Westmount” or the “Firm”) and effective September 1, 2011 it has assumed all advisory activities of Westmount Asset Management, Inc.

Our most recent update to Part 2A of Form ADV was made in December 2011. This annual update does not contain any material changes to Westmount’s business since its last update.

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## **IV. Advisory Business**

Westmount provides various investment advisory services to pension and profit-sharing plans, estates and trusts, corporations, partnerships and individuals.

The Firm assists clients in defining their investment objectives for those assets placed within the Firm's management. On a discretionary basis, the Firm then develops an appropriate portfolio of investments for the client's account, selecting specific investments (principally using no-load mutual funds) that are consistent with the client's investment objectives. Thereafter, the Firm monitors the client's investments, making changes in the client's specific investments or portfolio composition as deemed appropriate. The Firm also provides clients with quarterly reports concerning the value and performance of their investments.

Clients are allowed to place restrictions on accounts that the Firm manages. Westmount will discuss the potential restrictions with the client to confirm a clear understanding of what is being asked and to make sure that Westmount would be able to manage the assets in a manner consistent

with the Firm's process and philosophy. Types of restrictions may include specific holdings and/or cash minimums and/or maximums.

Custody of client assets is maintained at a brokerage firm or bank selected by the client. Westmount manages the investments in the custodial account on a discretionary basis pursuant to a limited power of attorney (trading authorization) provided by the client.

On occasion, Westmount provides advice concerning private equity investments (such as those in venture capital, leveraged buyouts, and other private equity strategies), as well as hedge funds. These investments are frequently accessed through limited partnerships managed by firms that specialize in a particular strategy, financing stage or industry sector.

Westmount was founded in 1990 and is owned by Westmount Asset Management, Inc., and Rosemont Partners II, LP. As of 12/31/11, Westmount managed approximately \$1,167,768,524 on a discretionary basis on behalf of approximately 839 clients.

## **V. Fees and Compensation**

Clients pay an investment advisory fee at the following annual rate based on the total asset value of the client's investment account:

<b>Assets Under Management</b>	<b>Fee</b>
Amounts up to \$2,000,000	1.00% of asset value
The next \$3,000,000	0.75% of asset value
The next \$5,000,000	0.50% of asset value
Amounts over \$10,000,000	0.25% of asset value

Fees are payable on a quarterly basis, in advance, at the beginning of each quarter. For purposes of calculating the fee, the asset value is measured as of the close of business of the last business day of the calendar quarter just ended. For purposes of computing the asset value of private equity investments (other than Westmount Capital Partners, L.P.), which are not priced or valued on a daily, quarterly, or annual basis, Westmount will use the lower of cost (the amount of original investment) or the appraised value (from an appraisal subsequent to the original investment). When using the appraised value, Westmount will use the most recently received appraised value, beginning with the next billing period (following the receipt of the appraisal) until a new appraisal is received.

Fees for the first period covered by the agreement are prorated to cover only the period remaining in the current quarter. In exceptional cases, the Firm will negotiate alternative fee arrangements. With the client's written consent, the Firm's fees can be withdrawn directly from the client's custodial account.

The investment advisory fees due Westmount are separate from, and in addition to, any transaction and/or custodial fees imposed by clients' account custodians and brokers as well as any management fees and other expenses charged by open-end investment companies (mutual funds) to all investors (shareholders) in these companies, as set forth in their prospectuses. The section

entitled Brokerage Practices describes the factors that Westmount considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

Investment advisory agreements between Westmount and clients are terminable at any time by clients by written or oral notice, effective immediately. The Firm may terminate the agreement at any time by providing written notice, effective fifteen days after receipt. Prepaid fees paid for services not performed after the effective date will be returned to clients on a prorated basis.

The Firm may not assign an investment advisory agreement without the written consent of the client.

Members of the investment committee of the Firm write articles and speak to groups about securities and other investment-related subjects. These articles and speaking engagements are directed primarily to members of professional, trade and other business associations and organizations, but may also reach more general audiences. They do not seek nor do they expect compensation for these activities.

## **VI. Performance Based Fees and Side-by-Side Management**

Westmount does not charge any performance fees. Some investment advisers experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to Westmount.

## **VII. Types of Clients**

Westmount provides various investment advisory services to pension and profit-sharing plans, estates and trusts, corporations, partnerships and individuals.

Westmount normally requires that a new client's portfolio (including multiple accounts in the aggregate) be at least \$1,000,000, but will make exceptions to that minimum in certain situations.

## **VIII. Methods of Analysis, Investment Strategies and Risk of Loss**

The Firm assists clients in defining their investment objectives for those assets placed within the firm's management. On a discretionary basis, the Firm then develops an appropriate portfolio of investments for the client's account, selecting specific investments (principally using no-load mutual funds) that are consistent with the client's investment objectives. Thereafter, the Firm monitors the client's investments, making changes in the client's specific investments or portfolio composition as deemed appropriate. The Firm also provides clients with quarterly reports concerning the value and performance of their investments.

Westmount's investment strategy does not include the use of leverage (borrowing) through the margining of client accounts. However, from time to time our clients have short-term or longer-term needs for funds and decide to borrow money from their investment accounts, rather than sell

securities to raise the funds. In these situations, clients may maintain margin debit balances on their accounts.

Although Westmount makes every effort to preserve each client's capital and achieve real growth of wealth, investing in the stock markets involves risk of loss that each client should be prepared to bear.

#### *Risk of stock investing*

Clients entering into a management agreement with Westmount should be aware that stock values fluctuate. Generally, their worth is based directly on the performance of the specific company. Individual stock values will also be impacted by the general movement of the stock market. Clients should be aware that when investing in stocks, the risk of significant loss exists.

#### *Risk of bond investing*

The value of bonds is subject to movements in interest rates, along with the all important structure and the credit characteristics of the individual securities. Clients investing in bonds should be aware that there is moderate risk of loss. The value of both stocks and bonds are influenced by economic conditions both domestically and globally.

#### *Asset allocation risk*

The allocations to the various asset classes and market sectors could cause the accounts to underperform other strategies with a similar investment objective.

## **IX. Disciplinary Information**

Westmount and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

## **X. Other Financial Industry Activities and Affiliations**

The founding principals of Westmount, Robert Berliner and James Berliner, are also principals of WCP Management, LLC, a management company that serves as the general partner and management company for the partnership, Westmount Capital Partners, L.P., a private equity fund. Both the partnership and the affiliated entity were created in 2000 to provide access to a diversified portfolio of private equity investment opportunities, all of which are accessed through partnerships managed by well-established specialist firms (that are unrelated to Westmount). These firms and their funds are completely independent of Westmount and its principals.

The partnership invests in a diversified portfolio of these partnerships, representing different private equity strategies, such as early or late stage venture capital, leveraged buyouts, acquisitions/consolidations, growth capital, and others. In 2000 only, (when the fund was open for investment), Westmount recommended that some of its clients invest in the private equity fund.

The private equity fund was only offered to "accredited investors" as defined under Rule 501 Reg. D promulgated by the Securities and Exchange Commission under the Securities Act of 1933. Before recommending that a client invest in the private equity fund, Westmount first evaluated

whether it was suitable for the client to make this type of investment (assessing, among other things, the client's overall financial net worth and income, capacity for investment risks, the appropriate portfolio allocation, and liquidity issues). The legal documents for the private equity fund fully disclosed the relationship between Westmount, WCP Management, LLC, principals of both of these entities, and Westmount Capital Partners, L.P.

Westmount Asset Management, Inc. invested as a limited partner in Westmount Capital Partners, L.P. It invested on the same basis as every other limited partner and its investment has no impact on the availability, pricing or performance of the partnership.

The founding principals of Westmount, Robert Berliner and James Berliner, are also principals of Westmount Pacific, LLC, a management company that serves as the general partner and management company for the ASEAN-China Investment Fund, a private equity fund for institutional investors. The legal documents for the private equity fund fully disclosed the relationship between Westmount, Westmount Pacific, LLC and the principals of both these equities.

The Firm does not charge a fee to manage accounts of Firm officers, employees and their family members.

Clients are generally required to maintain an account at a brokerage firm or bank for trading and custodial purposes. Westmount recommends that whenever possible clients maintain this account at Charles Schwab & Co. (for reasons detailed in **IX. Brokerage Practices** below).

The Firm also generally requires clients to execute a limited power of attorney (trading authorization) to enable the Firm to manage and serve client accounts on a discretionary basis.

## **XI. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Westmount's Code of Ethics also requires Employees to:

1. Pre-clear certain personal securities transactions;
2. Report personal securities transactions on at least a quarterly basis; and
3. Provide Westmount with a detailed summary of certain holdings and securities accounts (both initially upon commencement of employment and annually thereafter) over which such employees have direct or indirect beneficial interest.

A copy of Westmount's Code of Ethics is available to any client or prospective client upon request by calling the telephone number on the Cover Page of this Form ADV Part 2.

The founding principals of Westmount, Robert Berliner and James Berliner are also principals of WCP Management, LLC, a management company that serves as the general partner and management company for the partnership, Westmount Capital Partners, L.P., a private equity fund.

## **XII. Brokerage Practices**

The only limitations on the Firm's trading authority will be that the Firm will only direct the trading of securities of the types identified in **I. Advisory Business**, above, and that it will follow any written guidelines and instructions submitted by clients concerning their investment accounts.

Westmount may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab" or "Schwab Institutional"), a registered broker-dealer, Member SIPC/NYSE, to maintain custody of clients' assets and to effect trades for their accounts. Schwab Institutional provides Westmount with access to its institutional trading and operations services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors at no charge to them. Schwab Institutional's services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Schwab Institutional also makes available to Westmount other products and services that benefit Westmount but may not benefit its clients' accounts. Some of these other products and services assist Westmount in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution, provide research, pricing information and other market data, facilitate payment of fees from its clients' accounts, and assist with back-office support, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of Westmount's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional may also provide Westmount with other services intended to help Westmount manage and further develop its business enterprise. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services to Westmount by independent third parties.

Schwab provides further discounts on its trading commissions to clients of investment advisory firms when the total asset value of a firm's client accounts in Schwab's custody reaches certain levels. Westmount has negotiated reduced transaction fees for its clients.

Westmount has long maintained a strict arms-length business relationship with Schwab. Neither Westmount nor its principals receive any fee, commission, preferential rate, products or other economic benefit for having firm clients maintain their accounts at Charles Schwab & Co. Beginning in 1995, however, at Schwab's invitation, Westmount entered into an agreement with Schwab to participate in Schwab's advisor referral service (AdvisorSource – now renamed Advisor Network). The service is designed to help investors find independent advisors in their area. Westmount's participation in Schwab's referral service may raise potential conflicts of interest. Westmount receives introductions to potential clients and pays Schwab a percentage of our quarterly fees for clients gained through the program. (See **XI. Client Referrals and Other Compensation**.) In addition, although not required by Schwab, Westmount will likely execute transactions for these referral clients at Schwab as long as Westmount believes that Schwab continues to represent the best custodian for its clients, in terms of overall cost, products and services. Westmount acknowledges its duty of best execution for its clients.

Westmount has clients who have a contract directly with Westmount but where the client's assets are custodied outside of Schwab. Because we are unable to aggregate these accounts with others for trading, we may or may not receive similar execution results, which would have an impact on the performance of the account.

Westmount may aggregate client purchase and sale orders of securities with those of other clients if, such aggregation is reasonably likely to result in an overall economic benefit to its clients, lower commission expenses, beneficial timing of transactions, or a combination of these and other factors. Westmount has a policy whereby all accounts custodied at Schwab are executed first followed by other brokerage accounts based on quantity and ease of execution.

### **XIII. Review of Accounts**

#### Reviews

Client accounts are reviewed at least quarterly to determine whether each client's investment portfolio remains suitable in light of the client's current investment objectives. A more frequent or immediate review which could result in a change in one or more of clients' investments--can be triggered by any one of the following events:

- a. Changes in a client's situation or investment objectives made known to the Firm;
- b. Changes involving an investment held by a significant number of Firm clients (such as significant changes in an investment's performance or risk level relative to other investments or changes in the management of a mutual fund);
- c. Changes in the Firm's economic or investment outlook or in its decisions concerning clients' portfolio compositions;
- d. Economic and market conditions, data, movements and other information that may indicate the appropriateness of increasing or decreasing clients' investments in certain types of securities (such as equity mutual funds). In this regard, the Firm intends to use market valuation data and other market information in order to evaluate whether to increase, decrease or otherwise modify clients' investments in certain types of securities (such as equity mutual funds).

#### Reviewers

Members of the Investment Committee supervise the management and monitor the performance of all clients' investments and perform the periodic review of each client's investment portfolio. They also monitor other securities, the relevant markets and other economic conditions.

Westmount provides each client with a quarterly report which indicates the current value (at the end of the calendar quarter just ended) of the client's portfolio investments and the quarterly performance for these investments as well as an overview of the market performance in general. Also included at year end is a benchmark report comparing the performance of Westmount holdings to their benchmarks.

Clients who have custodial accounts with Charles Schwab & Co. receive monthly statements indicating the status of account investments as well as confirmation reports following any account trades. Clients who maintain custodial and trading accounts at other brokerage firms or banks



receive trade confirmations and periodic reports in accordance with the practices of the brokerage firm or bank.

#### **XIV. Client Referrals and Other Compensation**

Westmount has arrangements with third-parties under which Westmount will compensate them for client referrals. The fee under these arrangements is a percentage of the investment advisory fee received by Westmount from the client referred. Westmount also has implemented a revenue sharing program whereby a portion of the investment advisory fee received by Westmount is paid to the Westmount employee responsible for obtaining that client. In addition, Westmount has a referral arrangement with Schwab, which is described in more detail below.

In the arrangement with Schwab and in any other such arrangement, the advisory fees paid by clients so referred to Westmount will be exactly the same as the fees paid by clients who are not referred pursuant to such an arrangement. In addition, all such arrangements will be in strict compliance with Investment Advisors Act Rule 206 (4)-3, including the requirement that the arrangement be disclosed to prospective clients.

Westmount receives client referrals from Charles Schwab & Co., Inc. (“Schwab”) through its participation in Schwab Advisor Network® (“the Service”). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Westmount. Schwab does not supervise Westmount and has no responsibility for Westmount’s management of clients’ portfolios. Westmount pays Schwab fees to receive client referrals through the Service. Westmount’s participation in the Service may raise potential conflicts of interest described below.

Westmount pays Schwab Participation Fees on all referred clients’ accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. Participation Fees are a percentage of the value of the assets in the client’s account. Westmount pays Schwab Participation Fees for so long as the referred client’s account remains in custody at Schwab. Participation Fees are billed to Westmount quarterly and may be increased, decreased or waived by Schwab from time to time. Participation Fees are paid by Westmount and not by the client. Westmount *does not charge* clients referred through the Service fees or costs greater than the fees or costs it charges clients with similar portfolios who were not referred through the Service.

Westmount generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client’s account is not maintained by, or assets in the account are transferred from Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Westmount generally would pay in a single year. Thus, Westmount will have an incentive to recommend that client accounts be held in custody at Schwab.

*The Participation and Non-Schwab Custody Fees are based on the amount of assets in accounts of Westmount clients who were referred by Schwab and those referred clients’ family members living in the same household. Thus, Westmount will have incentives to encourage household*

*members of clients referred through the Service to maintain custody of their accounts with Schwab.*

*For accounts of Westmount clients maintained in custody at Schwab, Schwab generally does not charge the client separately for custody but receives compensation from the client in the form of commissions or other transaction-related compensation on securities trades Schwab executes for the client's account. Clients also pay Schwab a fee for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Westmount may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Westmount nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Westmount's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.*

## **XV. Custody**

All client assets are held in custody by unaffiliated broker/dealers or banks; however Westmount may have access to client accounts since an affiliated entity serves as the General Partner of the Partnership. Limited partners of the Partnership will not receive statements from the custodian. Instead the Partnership is subject to an annual audit and the audited financial statements are distributed to each limited partner. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the partnership's fiscal year end.

Additionally, certain employee(s) of Westmount serve as trustee over select client account(s). Westmount is deemed to have custody over these account(s) as a result of the trustee relationship and therefore is subject to the surprise examination requirement of the Custody Rule. All statements are provided to the client account on at least a quarterly basis. These statements should be compared to those provided by Westmount for accuracy.

## **XVI. Investment Discretion**

The only limitations on the Firm's trading authority will be that the Firm will only direct the trading of securities of the types identified in **I. Advisory Business**, above, and that it will follow any written guidelines and instructions submitted by clients concerning their investment accounts.

Westmount manages the investments in the custodial account on a discretionary basis pursuant to a limited power of attorney (trading authorization) provided by the client.

## **XVII. Voting Client Securities**

Westmount's Proxy Administrator charged with identifying the proxies and other securities upon which Westmount will vote, voting the proxies based on determinations made by Westmount's investment personnel, and ensuring that proxies are submitted promptly and properly.

Westmount's policy is to vote client proxies in the interest of maximizing shareholder value. To that end, Westmount will vote in a way that it believes will cause the issue to increase the most or decline the least in value. Consideration will be given to both the short and long term implications of the proposal to be voted on when considering the optimal vote.

Westmount is constantly monitoring for potential conflicts of interest between clients' interests and its own within the proxy voting process. Nevertheless, if Westmount's Proxy Administrator determines that Westmount, its affiliates, or its affiliated persons are facing a material conflict of interest in voting a proxy (e.g., an employee of Westmount may personally benefit if the proxy is voted in a certain direction), Westmount's procedures provide for a committee to determine the optimal vote. If the committee cannot come to a unanimous decision, the procedures provide for an independent third party to determine the appropriate vote. As an added protection, the third party's decision is binding.

Westmount's complete proxy voting policy and procedures are memorialized in writing and are available for review. In addition, Westmount's complete proxy voting record is available. Clients and investors should contact Westmount at the phone number listed on the Cover Page of this document if they have any questions or if they would like to review either of these documents.

## **XVIII. Financial Information**

Westmount has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.