



## Form ADV Part 2 Brochure

September 24, 2014

### Item 1 – Cover Page

This brochure provides information about Evergreen Asset Management's qualifications and business practices. Additional information about our firm and employees is available on the SEC's website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Evergreen Asset Management is a registered investment adviser with the Securities and Exchange Commission, which oversees its investment management activities. Registration with the Securities and Exchange Commission does not imply any level of skill or training. Our oral and written communications are intended to provide you with information you may use to evaluate us (and other advisers) which are factors in your decision to hire us.

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.

If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer, Shelly Ransom, at 253.853.5500 or [shelly@evergreenam.com](mailto:shelly@evergreenam.com).

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## **Item 2 – Material Changes**

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This brochure was filed as an other-than-annual amendment to Evergreen Asset Management's Form ADV Part 2 on September 24, 2014.

The Material Changes section of this brochure will be updated annually or when material changes occur.

Since our last amendment filed March 31, 2014, Evergreen Asset Management, LLC has made the following material changes:

### **Item 5 - Fees and Compensation**

This section has been expanded with additional disclosure language that describes:

- a) How Evergreen's Advisory Services Agreement authorizes us to execute trades as required to deduct its advisory fees,
- b) How Evergreen calculates its advisory fee for private equity investments, and
- c) Additional fees and expenses that clients pay when investing in private equity investments recommended by Evergreen.

Note: this additional language clarifies current practice and does not reflect a change in existing fee structures.

**Item 3 – Table of Contents**

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## Item 4 – Advisory Business

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Evergreen was established in January, 2005 by Managing Principal John G. Voigt, who has provided financial advisory services for clients since 1990. Evergreen is located in Gig Harbor, Washington, and became effective as an Investment Adviser with the SEC and a notice filer in the State of Washington at the same time. In May 2011, Donald G. Gartlan Jr. joined the firm as a Principal.

Evergreen provides three services to our clients; portfolio management, financial planning, and 401k plan consulting. Each is described below.

### Portfolio Management Services

Evergreen provides discretionary or non-discretionary portfolio management services, designed to meet each client's stated investment objectives. These objectives are determined by data gathering, risk assessment questionnaires and interviews during the initial planning process.

We gather the following types of information when structuring a client portfolio:

- Your personal information, including income, net worth, tax status, employment status, family obligations, investment experience and invested assets.
- Your investment goals, financial objectives, risk tolerance, college funding needs, retirement planning needs, philanthropic activities, etc.
- Any investment restrictions or limitations that you may desire to place on the services we provide to you.

In most cases, an Investment Policy Statement is established that summarizes your specific financial circumstances, including goals and objectives, risk tolerance, and time horizon for investing. This information is used in the design, implementation and management of a diversified and risk appropriate investment portfolio. Thereafter, Evergreen actively manages your portfolio on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and/or changes in your financial circumstances.

Although we recommend minimum account sizes of \$250,000 we do not mandate that level of assets under management, on either a consolidated or per portfolio basis.

We utilize a limited number of securities, by type, to achieve your objectives, including but not limited to:

- Mutual funds (open-ended), no-load or load waived.
- Fixed income securities (corporate debt, certificates of deposit, municipal securities and US Government securities).

**Item 4 – Advisory Business, continued**

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- Private Equity. These are categorically called an “alternative asset” and are available only to those of our clients who qualify as an Accredited Investor or as a Qualified Client; both are defined terms under federal securities laws. We will only recommend Private Equity when the recommendation is suitable for you and your overall investment objectives. Note that Private Equity investments are very risky, illiquid (not easily convertible into cash) and offer the potential for higher rates of return than are typically available to investors in public capital markets.

Clients who have multiple accounts at the Custodian (Schwab) may authorize these multiple accounts to be managed according to your stated objectives. For your convenience and to meet our fiduciary obligations, we will aggregate (Household) all related client accounts for fee calculation purposes.

Examples of householded accounts include individual or joint tenants, living trusts, custodial accounts for minor children, sole proprietorship, and other types of organizational accounts owned by an individual or family.

Note that Charles Schwab & Company (“Schwab”) has its own independent standard for householding accounts that will impact the number of statement envelopes and mutual fund prospectuses that you receive directly from Schwab.

**Financial Planning Services**

For individual clients, Evergreen typically begins the relationship with a financial planning overview. As needed, or as requested by the client, analysis may be offered for areas such as retirement planning, estate planning, education funding, and other matters specific to each client’s circumstances.

Evergreen offers a unique planning philosophy that incorporates goal-based planning with full cash flow after retirement. We meet with our clients regularly, either in person or via telephone, to discuss progress towards goals and make necessary changes as needed. This service is offered at no additional charge to Evergreen’s current and prospective portfolio management clients. On a case-by-case basis, Evergreen will accept Financial Planning engagements for individuals who are not ongoing portfolio management clients. These engagements are standalone, meaning they are limited in scope and not ongoing, and billed on an hourly rate or project basis.

**Item 4 – Advisory Business, continued**

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**401k Consulting Services**

Evergreen provides investment advice in the form of mutual fund evaluation and recommendation services to 401k plans and the plan's trustees. Typically, there are one or more trustees (employees of the company sponsoring the plan) who are the 401k "named fiduciaries" under ERISA (Employee Retirement Income Security Act) supervised by the DOL (Department of Labor). Our services are provided to, and contracted by the Named Fiduciaries responsible for the overall administration of the Plan (and their various service providers, including a custodian, plan administrator, etc.).

As part of these services we may also conduct employee training and education (including sign-up) services for the company who sponsors the 401k plan.

In providing services for some 401k plans, Evergreen has the discretionary authority to make changes to the funds within the plan that are made available to plan participants to buy and sell. For some 401k plans, Evergreen has the authority to make investment or asset allocation decisions for plan participants.

For other 401k plans, Evergreen does not have discretionary authority. For these plans, we have available various tools and educational materials that assist a participant in the development and determination of an "asset allocation" that makes the most sense for that individual.

As of December 31, 2013, Evergreen had discretionary assets under management of \$198,352,904 and non-discretionary assets under management of \$3,776,915.

**Item 5 – Fees and Compensation**

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For investment advisory services rendered, Evergreen receives advisory fees based upon a percentage of assets under management. Advisory fees are negotiable on a case-by-case basis, and are specified in the Advisory Services Agreement that we have with you.

Evergreen's standard fee schedule is as follows:

Combined Account Value	Annual Fee
Up to \$250,000	1.40%
Over \$250,000 and under \$500,000	1.25%
Over \$500,000 and Under \$1,000,000	1.00%
Over \$1,000,000 and Under \$3,000,000	0.90%
Over \$3,000,000	0.75%

**Item 5 – Fees and Compensation, continued**

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For consulting clients the aggregate assets are the total 401k assets within the specific 401k plan.

This fee schedule is not tiered, meaning that the aggregate amount of assets that Evergreen manages or consults on determines the fee you will be charged for our services.

By signing Evergreen's Advisory Services Agreement, you provide written authorization to have Evergreen, in its discretion:

1. Deduct its advisory fee directly from the Schwab account(s) that we manage, and
2. If necessary, enter a sell trade of a position held in the account so there is adequate cash available to cover the advisory fee deduction.

You also have the option to pay advisory fees by check rather than automatic deduction from your Schwab account.

Advisory fees are due and payable on a quarterly basis in arrears. At the end of every calendar quarter, Evergreen will mail you an invoice that includes the following information:

- Assets Under Management - month-end account value(s) for the three months in the quarter, and the average of these values.
- Method of Fee Calculation - the management fee is calculated by multiplying one quarter of your annual fee with the averaged month-end account value.
- Payment method –whether the fee will be directly deducted from the account(s) or paid by check per client instructions.

We encourage you to review your quarterly invoice closely, including the month-end account values and fee calculation. Schwab will deduct a management fee but does not check account values or calculations.

Direct account deductions will be processed three business days after the invoice is mailed.

Advisory fees for accounts opened or closed during a calendar quarter will be prorated based on the number of days in the quarter that services were provided.

Upon termination of an ASA, any fees due and payable to Evergreen will be directly deducted from your Schwab account (if your ASA authorizes direct deductions). Otherwise, Evergreen will invoice you for the fees due and payable, and payment is requested within 30 days.



## Item 5 – Fees and Compensation, continued

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### Security Valuations

Most of the securities we manage on your behalf are liquid and have pricing available by the mutual fund or securities exchanges (or as priced by your custodian). However, actual pricing for some private equity offerings may not be available. In situations where pricing for a private equity investment is not available, Evergreen bills on the total amount the client has actually invested, including capital calls. The advisory fee is adjusted when a private equity investment is sold, liquidated, or exited.

Pricing and transactional data for private equity investments is entered manually into Evergreen's portfolio management system. Since Charles Schwab does not custody many private equity investments, there may be significant differences between the reports you receive directly from Charles Schwab versus the reports you receive from Evergreen.

### Financial Planning Fees

A separate financial planning fee is not charged to Evergreen's portfolio management clients. In the occasional circumstance when a client requests only financial planning services without portfolio management, the financial planning fee will typically range from \$5,000 to \$25,000 per year, depending on the complexity of the client's circumstances and planning services required. One quarter of the annual fee is due at the time a Financial Planning Agreement (FPA) is signed, and the remaining fee is prorated and charged on a quarterly basis in advance. Financial planning fees will be waived if the client requests Evergreen's portfolio management services and signs an Advisory Services Agreement.

### Termination

Our Advisory Services Agreement or Financial Planning Agreement may be terminated by either party with written notice delivered to the other. All transactions placed at your Custodian up to our receipt of the termination notice will be completed by your broker custodian; no other transactions will be placed by Evergreen after receipt of the termination notice.

### Fee Refunds

Since portfolio management fees are charged in arrears, a pro-rated refund of unearned prepaid advisory fees is not applicable. Upon termination of a Financial Planning Agreement, a prorated refund of unearned prepaid fees will be calculated based on a bill rate of \$250 per hour and refunded to the client within thirty days.

### General Information about Evergreen's Advisory Services and Fees

Evergreen's services are available to family members and friends of our employees at no fee or at fee schedules that are lower than disclosed above. Our family / friend fee schedules are not available to our non-family / friend clients. Additionally, some of our clients have negotiated a fee schedule that differs from the fee schedule disclosed above.

**Item 5 – Fees and Compensation, continued**

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The “official” record-keeper of your account data and information is your custodian (in most cases Charles Schwab).

Similar advisory services may be available from other sources at fee levels higher or lower than those charged by Evergreen. In addition, clients do not need to hire Evergreen to invest in mutual funds or other securities. However, you would not receive the value of Evergreen’s services if you did not hire us to manage your assets.

Evergreen’s Portfolio Management or Consulting Services do not include the following additional fees or expenses you pay as the owner of your assets. Evergreen does not participate in these fees or expenses (directly or indirectly). These include (but are not limited to): brokerage commissions, transaction fees, advisory and administrative fees charged by open ended mutual funds, custodial fees, deferred sales charges on variable annuities, transfer taxes, and wire transfer and electronic fund processing fees. Please refer to Item 12 – Brokerage Practices, for additional information.

Additionally, Evergreen Asset Management may recommend alternative (private equity) investments when suitable for a client. Evergreen does not purchase private equity investments on behalf of its clients. Instead, clients who elect to purchase interests in recommended private equity investments are required to subscribe directly with the Alternative Investment manager. Clients who purchase private equity investments will pay an advisory fee to Evergreen Asset Management (the same asset-based fee as you pay us for our portfolio management services). You will pay additional fees to the Alternative Investment manager on the same asset amount invested. Fees involved with private equity investments are described in the Offering Memorandum and may include separate management fees, performance fees, and custodial, accounting, auditing, operational, and legal fees, among others.

**Item 6 – Performance-Based Fees and Side-by-Side Management**

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We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance based fees). Our advisory fee compensation is charged only as disclosed above.

**Item 7 – Types of Clients**

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Evergreen provides services to individuals, corporations, pension and profit sharing plans, trusts, charitable organizations, and foundations.

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

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Evergreen structures client portfolios using equity, fixed income, mutual funds, and alternative (private equity) investments when suitable. Our investment strategy is to provide diversification amongst asset class, manager investment style, market capitalization, and fund families.

### Macro Market Analysis

Evergreen conducts an ongoing review of macro conditions, including (but not limited to) the following areas:

- Economic – interest rates, employment, taxation changes, economic growth.
- Political – how government policy impacts the economy and markets.
- Legal – the legal environment in which the markets operate.

### Mutual Fund Analysis

Evergreen conducts both qualitative and quantitative analysis of mutual funds, and places a strong emphasis on both. We believe that strong indicators of future potential lie with factors such as the background, skills, experience, and investment philosophy of the fund manager. We analyze factors such as the decision making processes, the growth of organization, the economic and securities research involved, and whether the fund manager(s) are personally invested. Quantitative analysis that Evergreen conducts includes a review of the manager's performance and consistency of performance, the fund's style and style consistency, risk, and risk-adjusted performance.

### Long Term Investment Strategy

Depending on the needs of the client and consistent with the client's investment objectives and risk tolerance (among other considerations), Evergreen typically purchases securities with the intention of holding them in the client's account for five years or longer. This strategy is a cornerstone of Evergreen's approach; keeping a long-term perspective with good diversification.

Information we use to provide advice includes:

- Financial journals
- Research materials prepared by third parties
- Shareholder reports
- Annual reports, prospectus', and filings with the Securities and Exchange Commission
- Company press releases
- Schwab Advisory Services' investment research
- Interviews, conference calls, and meetings with third party money managers
- Websites
- Morningstar databases

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

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**Risk of Loss**

Investments in securities always carry the potential for the risk of loss of your invested assets and/or any appreciation of your holdings that have not been realized. Losses in an investment portfolio are a potential event you should be prepared to bear.

We do not represent to you or any client, either directly or indirectly, any level of performance or any representation that our professional services will not result in a loss to your invested assets. We do our very best as an investment adviser to manage risk exposures and to prevent losses. However, losses cannot be prevented in all cases.

**Item 9 – Disciplinary Information**

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As of the date of this Brochure, we do not have any items to disclose to you for Evergreen or our management persons.

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

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As of the date of this Brochure, our management persons do not have any other financial industry activities or affiliations.

**Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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As required by regulation (SEC Rule 204A-1), Evergreen has developed and adopted a Code of Ethics to oversee potential and actual conflicts of interest associated with the investment advice we provide to you. Our Code is comprised of the following sections:

1. Policies and procedures governing the prohibition on our use of material, inside, non-public information related to securities or other non-public information
2. Policies and procedures related to personal trading of all of our employees, their family members, or accounts or securities to which the employee has direct or indirect beneficial interest or control
3. Policies and procedures related to the receipt of gifts or gratuities (and our providing gifts or gratuities), and
4. Limitations on the providing of political contributions to political figures / candidates that could be construed to earn advisory services for Evergreen (this is called "pay-to-play" and has been frequently in the news).

**Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading, continued**

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The Code generally reminds each of our employees that there is personal responsibility associated to individuals as we identify and mitigate (manage) the potential conflicts of interest when we allow our employees to purchase or sell the same securities we recommend to customers (mutual funds, fixed income securities, etc.), and Private Equity. As a result, we focus on a number of issues, including but not limited to the following within our Code:

- Our high standard of professional and business conduct.
- Our fiduciary obligations to place the interests of our clients first.
- Confidentiality of client non-public and personal information.
- Prohibitions on insider trading.
- Prohibition of rumor mongering.
- Restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items.
- Personal trading reporting requirements - due to the nature of our business, and because we are a small firm, we do not require the pre-clearance of personal trades or holding periods for "reportable transactions" as defined by the Code. We monitor personal trading for each employee's beneficial accounts and the reportable transactions under the Code.
- Initial (upon hire) and annual disclosure of all brokerage accounts, all securities holdings in those accounts, members of an employee's household, all other beneficial ownership accounts and all non-custodied securities.
- Reports of all transactions (required to report) under the Code on at least a quarterly basis.
- Recertification of the Code (and compliance with the Code) on at least an annual basis and whenever the Code is materially updated.

Employees may buy or sell securities for their personal accounts identical or different than those recommended to clients. As these situations create the potential for a conflict of interest, Evergreen has established the following restrictions:

1. No employee of Evergreen shall prefer his or her own interest to that of an advisory client.
2. An employee of Evergreen shall not buy or sell securities for their personal accounts where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry.
3. Evergreen's Chief Compliance Officer reviews the reportable holdings of all employee personal accounts on a quarterly basis.
4. Any employee not in observance of the above are subject to remedial sanctions, up to and including termination.

**Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading, continued**

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Employees may place trades in their personal accounts at the same time as client accounts when consistent with our obligations of best execution. However, Evergreen invests client accounts using open-ended mutual funds, which minimizes the potential for a conflict of interest. The same NAV (Net Asset Value, representing a fund's per share market value) is applied to all mutual fund trades placed during a market session, calculated at market close.

Evergreen will provide a copy of its Code of Ethics to any client or prospective client upon request. Please contact Evergreen's Chief Compliance Officer, Shelly Ransom, at 253.853.5500 or [shelly@evergreenam.com](mailto:shelly@evergreenam.com) to request a copy.

**Item 12 – Brokerage Practices**

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Evergreen has clients with both investment and brokerage discretionary authority.

**Discretionary Clients**

When you provide Evergreen with brokerage discretionary authority, we have your permission to place those transactions we determine are suitable and appropriate for your portfolios in the securities that we actively buy or sell for your accounts. Our discretion allows us to determine when to place the trades, the number of securities and the timing of the transactions. You may place restrictions on us regarding our brokerage discretionary authority. We typically use our brokerage discretionary authority in a very limited basis, typically for fixed income securities only.

**Non-Discretionary Clients**

For our non-discretionary portfolio management clients, we have a limited power of attorney on your account which allows us to place the transactions at your designated securities broker, dealer or custodian (custodians can also include a mutual fund complex or, in some cases, the custodian of a company's 401k Plan assets). However, we will only place transactions for your accounts when we receive (verbal or written) permission to do so. Then, we will place the transaction at your broker or custodian at the buy or sell price as quoted for fixed income securities. Mutual funds are purchased or sold at the net asset value (NAV) as determined by the mutual fund or the mutual fund's administrator daily at market close.

**Recommendation of a Broker / Custodian**

We recommend Charles Schwab & Company for brokerage and custodial services. We recommend Schwab because we have independently evaluated Schwab and the brokerage / custodial services that are available to our clients. We have, as a result, determined that the following items are of value to both Evergreen and our clients

**Item 12 – Brokerage Practices, continued**

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when compared to other brokers or custodians:

- Mix of brokerage execution services,
- The types of securities that can be purchased or sold (including a large number of mutual funds at a load waived or no-load basis (no commission charges) with many on a no-transaction fee basis, and
- The fact that Schwab does not charge for custodial services for assets held at Schwab.

However, in making such a recommendation, you must independently evaluate Schwab to ensure that the recommendation and the services provided by Schwab are reasonable in light of the services provided by Schwab to you as your broker and custodian.

Evergreen participates in the "Schwab Advisor Services," a program made available to Evergreen and other investment advisers.

**Commissions**

Evergreen does not have the discretionary authority to negotiate commissions with Schwab. We initially negotiated a commission schedule for clients based upon our business activity with Schwab. Commissions you pay to Schwab are disclosed on the confirmation of each security transaction we place on your behalf (if any) at Schwab. These confirmations are sent directly to you by Schwab. Certain mutual funds we purchase or sell for your accounts are provided to us (and you) at a no-load or load waived basis. In addition, certain mutual funds are available to us (and you) for no transaction fee. When we trade away from Schwab, you are charged a \$25.00 per transaction, per account fee that will be disclosed on your confirmation.

**Types of Brokerage Activity**

Trade Away - We have the discretionary authority to pick brokers other than Schwab to execute your portfolio trades when we believe that is in your best interest. In your best interest means that if we believe doing so assists us in achieving best execution for your transactions (note that best execution is not a defined term, it is a concept that considers a number of factors such as price, commission, size of the trade, broker expertise / reputation, etc). We place transactions at other brokers only when appropriate; these are called "Trade Away Transactions."

One benefit of using other brokers is different inventories of securities (bonds) from underwriters or market makers, thus affording Evergreen the opportunity to negotiate price and find securities that may not be available from Schwab.



**Item 12 – Brokerage Practices, continued**

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Trade Away transactions are typically executed on a principal basis. This means that when we are purchasing a bond for your account the price received for the purchase or sale includes the commission (called a mark-up or mark-down) earned by the broker executing the trade. When commissions are included in the price these are called principal transactions.

When a Trade Away trade is delivered to your account at Schwab, an additional settlement fee of \$25.00 per account per trade is charged by Schwab to receive the trade, post the transaction to your account and send the funds from your account to the broker to settle the transaction.

For those transactions placed at Schwab only (which is the vast majority of trades executed by Evergreen for our clients) transactions may not be aggregated with other orders (or if they are they will only be aggregated together with those of other client accounts at Schwab). Thus, our ability to negotiate price and obtain volume discounts is limited when compared to Trade Away transactions. As a result, best execution may not be achieved. This may cause you to pay higher overall costs for execution services. Additionally, there may be variances between clients who select Schwab as their broker/custodian when compared to other broker/custodians (commissions may be higher or lower).

Evergreen utilizes Trade Away for some fixed income securities only. We use Schwab for mutual funds and fixed income securities due to a number of factors, including the \$25.00 fee that is charged if transactions are placed at other broker dealers. There is no benefit to Trade Away from Schwab for mutual fund transactions

Block Trading - We may, but are not obligated to aggregate the transactions of more than one client together with other clients in the same security. Due to the customized nature of our portfolio management services, we do not often block security transactions for more than one client together. We may execute block trades at other brokers or dealers on a Trade Away basis; however, it is not anticipated that this will occur frequently. Block trading may occur on a min-block basis across multiple accounts in the same security for your accounts held at Schwab. Given that mutual funds are purchased or sold at the previous day's closing price, the benefits of block trading are not applicable.

Block trading the same security for multiple accounts is one method we can use to meet our fiduciary obligation of best execution. When blocking transactions for multiple clients the size of the transaction is larger than placing all the transactions individually, which allows Evergreen to negotiate the price of the security within the spreads available at that time (a spread is the quoted low and high side of the security; low price is what the broker is willing to pay for the security, the quoted high price is what we would typically be expected to pay for the security). We do not have the authority to negotiate commissions on a transaction-by-transaction basis; most Trade Away



**Item 12 – Brokerage Practices, continued**

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transactions are negotiated on a principal basis with the commission to the executing broker/dealer included. As a result, you will be charged a commission by the Trade Away executing broker. An additional fee is charged by Schwab (the \$25.00 per account per transaction fee to receive and settle the Trade Away transaction). In our evaluation of your needs, we will determine when to trade on a Trade Away basis and the accounts to include in a blocked transaction, if any.

At the time we place the block transaction, we issue instructions to purchase a particular number of shares of a security, and all participating clients and their pro-rated shares of the block are known at the time of the transaction. Should we not receive the full amount of the request, or if multiple executions are required the following apply:

- If the full amount requested is not obtained (and we determine to stop trading, for whatever reason may apply), we will prorate the purchased shares equally across all participating accounts. However, if employee transactions are included in the block and only a partial fill is completed, employee transactions are excluded (per our Code) until all client trades are completed
- If multiple fills occur to complete the full block then all purchases are averaged to price and each participating client receives their full allocation at that average price.

**Prohibited Brokerage Practices**

Agency or Agency Cross Transactions - Evergreen does not place or instruct brokers to execute cross or agency cross transactions between your account(s) and the accounts of other clients. We cannot accomplish these transactions because we are not a broker dealer or affiliated (under common control or ownership) with a broker dealer. Cross transactions and agency cross transactions are generally defined as transactions that are sold from one client account and purchased into another client account for a commission (or no commission).

Principal Transactions – Evergreen does not place or request a broker to place principal transactions. However, we may purchase securities that are principal transactions by certain broker, dealers or custodians. In this context, Evergreen does not:

- Place a transaction as principal for our own account or any other party or purchase or sell security from or to any advisory account.
- Sell a security from one client account and purchase that security into another client account.

Soft Dollars – Evergreen does not participate in Soft Dollar transactions or services, where client commissions are utilized to generate commission credits available to Evergreen to pay for research and execution services.

**Item 12 – Brokerage Practices, continued**

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Brokerage for Client Referrals – Evergreen does not direct or recommend brokers (or use brokers) in exchange for client referrals. We evaluate and use brokers as described above.

**Trade Errors**

Evergreen has fiduciary responsibilities related to the correction of trade errors. If Evergreen creates the error our policy is to make the client whole; meaning that you will not suffer an economic loss due to our error. We have policies and procedures related to the identification, documentation and correction of errors. If a third party caused or created the error the third party is responsible for the correction of the error and making your account(s) whole.

We endeavor to catch all errors before settlement; typically errors are corrected by a simple cancel of the error trade and re-entry of the trade as it should have been placed. Examples of trade errors include (but are not limited to) the following:

- Are not legally authorized for an account
- Are prohibited by investment policy or style
- Are prohibited by the Advisory Services Agreement
- Include an incorrect security or transaction (buy v. sell or vice versa)
- Block trades that are incorrectly allocated

If a trade error results in a gain in the impacted client account, the gain remains in the client account.

Charles Schwab's Trade Error Policy - For errors that result in a gain (and that you do not retain in your account), Schwab will donate the amount of any gain \$100 and over to charity. For errors that result in a gain of less than \$100 that are removed from your account, the gain is considered de minimis (small) and used by Schwab to offset Schwab's administrative time and expense related to the processing of errors. For errors resulting in a loss greater than \$100, Evergreen will pay Schwab for the loss which is then credited to your account to make the account whole. If the trade errors result in both gains and losses in a Schwab account, they may be netted against each other by Schwab.

Evergreen does not maintain a trade error account.

**Item 13 – Review of Accounts**

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Accounts are reviewed at least quarterly by the firm's Managing Principal, Principal, and/or Chief Compliance Officer, to ensure that the investment allocations are consistent with your documented goals and objectives.

Additional reviews may be conducted if your goal and/or objectives change (we recommend that clients contact us as soon as possible whenever significant personal events take place). Portfolio reviews are scheduled on at least an annual basis, but may happen as frequently as quarterly depending on client preferences. Reviews may be conducted in person or via telephone.

401k Consulting Services – Evergreen conducts reviews of the securities authorized for use by the trustees of the plan for plan participants on a quarterly basis.

Clients with assets held in custody at Schwab receive a monthly custodial report directly from Schwab. These reports include a summary of current holdings and asset values as well as a complete transaction history (deposits, withdrawals, income, management fee deductions, etc.).

Evergreen produces a written quarterly performance report for all accounts under our management. Quarterly reports include the following:

- A market commentary
- Current and historical portfolio values (most of which are provided by Schwab)
- Rates of return
- Consolidated asset allocation summary
- Detailed holdings as of the report date by asset class
- A bond analysis page for accounts with fixed income securities

Unmanaged assets – clients will occasionally request that an account hold a security not managed by Evergreen. These may be classified as unmanaged securities by Evergreen. Unmanaged securities may be exempted from advisory fees, investment advice, and performance reports.

Private placement investments - actual pricing for some private equity offerings may not be available. In these situations, private equity investments are valued at the invested amount (invested cost basis) for the purpose of portfolio performance calculations.

We recommend that you compare the reports provided by Schwab to the reports provided by Evergreen for holdings and consistency (of course, there may be a difference between securities you may own and those held in custody by Schwab). Total portfolio values may differ as well due to dividends, accrued interest and other factors.

**Item 13 – Review of Accounts, continued**

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If you do not receive your Schwab custodial reports, please contact us or Schwab immediately to obtain copies of your reports and report any changes to mailing or email address (if applicable).

The official recordkeeper of your account(s) is your custodian (Schwab). In this official capacity, Schwab reports certain types of distribution and gain/loss information to the Internal Revenue Service. If you have any questions on capital gains or losses or cost basis information on your security transactions, please contact us.

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

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Evergreen does not pay any person directly or indirectly for the introduction or acquisition of clients.

**Item 15 – Custody**

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Evergreen is deemed to have custody of client funds under Rule 206(4)-2(d)(2) of the Investment Advisers Act of 1940 because it has been authorized by certain clients to withdraw our advisory fee from client accounts.

However, Evergreen does not have physical custody of any client's funds or securities. All assets for your accounts are held by a qualified and independent custodian (bank, broker, trust company or insurance company). Each client will receive account information, including trade confirmations and monthly account statements, directly from the custodian. You should review this information carefully.

Private Placement securities are typically held by the originator of the security that you may invest in (based upon our recommendation).

**Item 16 – Investment Discretion**

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When we manage your accounts on a discretionary basis we have the authority through the Advisory Services Agreement you have entered into with us to make purchase and sell decisions for your account(s) consistent with the goals and objectives we have discussed and documented. This discretion is limited only by the reasonable restrictions you may place on the account. Examples of reasonable account restrictions that clients have placed on Evergreen's discretionary authority include holding a specific security that Evergreen is restricted from trading, or maintaining a minimum cash balance, among others.

**Item 16 – Investment Discretion, continued**

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If Evergreen manages your account(s) on a non-discretionary basis, we must obtain either verbal or written approval from you before placing any transaction on your behalf. Accordingly, you will need to be available to Evergreen should we need to contact you to approve a transaction. If you are not available, we will not be able to place the transaction for you.

**Item 17 – Voting Client Securities (i.e. Proxy Voting)**

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Evergreen does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.

**Item 18 – Financial Information**

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Evergreen Asset Management has never filed for bankruptcy and is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.



## Form ADV Part 2B Brochure Supplement

### Item 1 – Cover Page

This brochure supplements the Evergreen Asset Management Form ADV Part 2 Brochure and provides information about the following individuals:

John G. Voigt, Managing Principal  
Donald G. Gartlan Jr., Principal  
Shelly Ransom, Chief Compliance Officer

Offices for these individuals are located at our Gig Harbor address noted below.

You should have received a copy of Evergreen's Part A brochure, as it is attached. We include Part 2 B supplements with Evergreen Asset Management's Part 2 A brochure. Please contact our Chief Compliance Officer, Shelly Ransom, at 253.853.5500 or [shelly@evergreenam.com](mailto:shelly@evergreenam.com) if you did not receive Evergreen's brochure or if you have any questions.

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

**Evergreen Asset Management, LLC**  
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Gig Harbor, Washington 98335  
253.853.5500 (local) 877.922.3828 (toll free)  
[www.evergreenam.com](http://www.evergreenam.com)

## Item 2 – Educational Background and Business Experience

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### **John G. Voigt, Managing Principal**

Born 1947

#### **Education Background and Business Experience**

John Voigt has provided fee-only advisory solutions for clients since establishing Evergreen Investments in 1988 (now Evergreen Asset Management). He earned a BA degree in Biology from University of Puget Sound, and after teaching science and mathematics for five years returned to UPS and earned a BA in business followed by an MBA degree. Prior to Evergreen Investments, John spent several years providing tax and investment management consulting services.

### **Donald G. Gartlan, Jr., Principal**

Born 1962

#### **Education Background and Business Experience**

Don Gartlan joined Evergreen Asset Management as a Principal in May 2011. He holds a BS degree in Economics from Texas A&M University. Don was the Director of Russell Managed Portfolios and Consulting Services at Russell Investments from 2001 to 2010. Prior to Russell, Don was Vice President and Manager of A.G. Edwards Investment Management Consulting Group, responsible for the firm's \$11 billion investment consulting activities.

### **Shelly R. Ransom, Chief Compliance Officer**

Born 1966

#### **Education Background and Business Experience**

Shelly joined Evergreen Asset Management in 2004 and serves as the firm's Chief Compliance Officer, an Investment Adviser Representative, and also manages the firm's back office operations. Shelly has a BA degree in Organizational Management and Communication from Concordia College. Prior to Evergreen, Shelly spent over 15 years in human resources roles, including Director of Human Resources and Strategic Planning for KPS Health Plans, Regional Human Resources Manager for Sprint PCS, and Human Resources and Labor Relations Manager for Advance Circuits.

### **Item 3 – Disciplinary Information**

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We do not have any legal, financial or other disciplinary item to report for John Voigt, Don Gartlan, or Shelly Ransom.

### **Item 4 – Other Business Activities**

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John Voigt, Don Gartlan, and Shelly Ransom do not have any other financial services business affiliations other than Evergreen Asset Management.

### **Item 5 – Additional Compensation**

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Neither Evergreen Asset Management nor any of its members or employees receive additional compensation from third parties in connection with providing investment advice to clients.

### **Item 6 – Supervision**

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As Managing Principal, John Voigt has the ultimate responsibility for the supervision of firm activities as well as the investment advice offered to clients. Evergreen Asset Management employs a team-based approach to operations, client servicing and portfolio management, with scheduled staff and investment team meetings attended by Mr. Voigt. He is also responsible for final approval of fund selection and investment portfolio models employed in client accounts, and reviews all client performance reports on a quarterly basis. If you would like to contact John about his supervisory role, he can be reached at 253.853.5500 or [john@evergreenam.com](mailto:john@evergreenam.com)

As the Chief Compliance Officer, Shelly Ransom is responsible for the implementation and administration of Evergreen's Compliance Program under regulatory requirements.