

Supplemental Information For
Evergreen Wealth Management, LLC

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This brochure provides information about the qualifications and business practices of Evergreen Wealth Management, LLC operated by Alan Aiello (referred herein as “Advisor”). If you have any questions about the contents of this brochure, please contact us at 877-383-7444 or evergreenw@gmail.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional Information about Evergreen Wealth Management, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 Material Changes Since Part II Filed March 31, 2010

There have been no material changes since the 2010 filing of the ADV Part II.

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Item 4 **Description of Evergreen Wealth Management LLC**

- A- Evergreen Wealth Management, LLC is a Montana registered limited liability company of which Alan Aiello is the sole member. Evergreen has been an SEC registered investment advisor since 1999.
- B- Evergreen is a full service investment advisor offering client risk analysis, asset allocation, investment selection, performance reporting and security monitoring in addition to corollary services that support the overall investment and financial operations of selected clients.

Evergreen uses mutual funds, exchange traded funds, third party managers offering separate accounts and where mandated by client and appropriate for client limited partnership investments.

As a rule Evergreen does not analyze or suggest client's use individual securities but will assist clients in security selection on a limited basis. In no way will Evergreen portfolios be constructed using individual securities but instead they are considered only as a small adjunct and when requested by client.

Evergreen uses a selection of third party software in analyzing client needs, constructing asset allocations, selecting mutual funds and other investments and calculating account and portfolio performance.

The software is used as a guide in making decisions and building portfolios specific to the needs, goals and risk appetites of each individual client. Evergreen does not use pre-calculated "model" portfolios. Each client portfolio is tailored for their individual needs.

Evergreen uses fundamental analysis and does not use market timing or technical approaches to selecting appropriate securities for clients. The Evergreen approach is tilted towards conservative portfolios.

- C- The advice offered by Evergreen is always specifically tailored to the individual client.

The process begins with an initial interview with the client(s) prior to entering into any on going relationship to ensure that the client and advisor are comfortable with each other. Typically the client provides statements and other financial information in regards to their present investment holdings for Evergreen to review and analyze. If, after review, Evergreen believes there is a "fit" and that Evergreen can provide an added value to the prospective client, pricing and terms of the relationship are defined and agreed.

Clients at these early stages have the opportunity to impose restrictions on types of investments and securities used in the portfolio construction.

Evergreen considers the client's overall financial well being in light of their savings, pension plans, tax deferred IRA and other retirement plans, income, current income from all sources, possible future inheritance items, net worth including personal residential real estate in conjunction with their liabilities and expenses to assist the client in building appropriate asset allocations and security selection.

Evergreen will present client with several alternative account and portfolio allocations and the client selects those that most closely match their goals and needs.

D- Evergreen does not participate in wrap fee programs.

E- As of December 31, 2013, Evergreen manages \$173,435,565.00 in non-discretionary client assets. This means Evergreen does not have the ability (discretion) to make asset allocation and/or security selection decisions without the approval of the client.

Item 5 Fees and Compensation

A- Evergreen is compensated by either a percentage of client assets under management by Evergreen or an agreed upon annual retainer paid quarterly in arrears.

FEE SCHEDULE: Advisor bills "Investment Advisory Services" clients and some "Consulting" clients on a percentage of assets basis. Fees are billed quarterly in arrears calculated on the end of quarter assets under management. Customary fees are as follows:

Up to \$1MM 1.0%

Over \$1MM to \$5MM 75 basis points Over \$5MM to \$10MM 50 basis points Over \$10MM negotiable

These fees are maximum's and lower fees may be negotiated.

Advisor also offers negotiated annual retainer fee schedules payable quarterly in arrears. Retainer fee schedules are subject to an annual increase equal to the prior year's CPI.

Client or Advisor may terminate the Investment Advisory Contract at any time after a 30 day notice.

Lower fees for comparable services may be available from other sources.

B- Clients can choose to have their fees deducted from their accounts or be billed for fees. Fees will be deducted or billed quarterly in arrears only.

C- Clients may incur other Evergreen expenses such as travel, copying, postage etc. incurred by Evergreen on the client's behalf. These fees are explained in the client agreement. No fees are charged that are not disclosed in advance to client.

Clients also will be subject to mutual fund expenses such as trade commissions and fund management fees in addition to miscellaneous brokerage expenses such as margin interest fees.

Item 6 Performance Based Fees

Performance based fees are not offered or used for any clients.

Item 7 Types of Clients

Evergreen welcomes individuals, trusts, estates, charitable institutions and retirement account clients. The minimum account size is \$1,000,000.00 but lower initial amounts may be accepted in certain cases.

Item 8 Methods of Analysis. Investment Strategies and Risk of Loss

A- Evergreen performs fundamental analysis of mutual funds, exchange traded funds and separate account managers to provide the highest probability, but certainly not certainty, that each fund or manager will perform the investment mandate for which they are hired.

All investing involves the risk of loss due to a plethora of factors or combinations of factors, most of which cannot be accurately forecasted. Depending on historical performance as an indicator of future performance *is not recommended* but analyzing past performance can provide a set of possible outcomes that can be *considered* when making the buy or sell decision.

Evergreen considers such factors as length of time fund has been in existence, the tenure of the manager(s), past performance relative to some benchmark and the peer group, Modern Portfolio Theory statistics such as Alpha, Beta, Sharpe Ratio and other metrics, amount of fees, tax efficiency and portfolio construction to name a few but not all the factors that are studied.

Taken in isolation none of these factors are robust indicators of future performance but in aggregate they begin to paint a picture of how disciplined the manager(s) are and give some indication of the probability they can continue to perform in a manner that rewards the investor for the risk assumed.

Evergreen considers the fund's *People, Process, Philosophy, Product, Price and Performance* before making a decision to use that fund in a client account.

Even with the most stringent due diligence process there remains the risk that managers will change unexpectedly, the investment style being followed will fall out of favor, the overall investment climate will change for the worse or the manager(s) just simply make the wrong buy and/or sell decisions.

Having said this Evergreen prompts its' clients to keep in mind no manager will outperform every year and that cyclical performance is more the rule than the exception.

B- Evergreen primarily uses mutual funds and exchange traded funds in constructing client portfolios. Funds are used as an economical manner in which to provide professional security selection and adequate diversification.

Mutual funds are required to distribute any capital gains they create in their taxable year and this could lead to an investor receiving a taxable gain which they were not expecting. In addition, if there are a large number of investors in the fund that want to sell the fund manager(s) may be forced to liquidate positions thus driving down the value of the fund.

These and other risk factors are considered and communicated to clients prior to using the funds in client portfolios.

Evergreen uses several commercially available data base services in doing due diligence of mutual funds, and stocks where applicable.

Item 9 Disciplinary Information

A,B&C- Neither Evergreen wealth Management or its' principal Alan Aiello has ever been convicted or criticized for any violation of Federal, State or Local laws, regulations, restrictions or rules. Evergreen has never been the subject of any administrative proceeding before the SEC or any other regulatory agency.

Evergreen has never been enjoined from doing business in the investment business.

Item 10 Other Financial Industry Activities and Affiliations

Evergreen and Alan Aiello have no third party affiliations with any organization.

Item 11 Code of Ethics. Interest in Client Transactions and Personal Trading

- A- Evergreen Wealth Management has adopted a code of ethics pursuant to SEC Rule 204A-1. This written code of ethics is available upon request. In summary, the Evergreen code supports the fiduciary standard where all investment advice must be in the client's best interest as well as suitable for the client.
- B- Evergreen does not purchase in client accounts securities or any other investment in which Evergreen its principal, Alan Aiello, or any employee has an interest.
- C- Evergreen and its principal, Alan Aiello, and employees may at times buy or sell identical securities that are advised for clients. In a mutual fund transaction there is no conflict of interest because the trades clear after closing.
- D- For equity and or fixed income trades Evergreen trades are always placed after the client buy order is filled and after the client sell order is filled.

Item 12 Brokerage Practices

- A- Evergreen Wealth Management is an investment advisor specializing in constructing long term investment portfolios for clients. Evergreen does not as a rule buy or sell individual stocks or bonds on a regular basis and mutual fund and ETF are limited in frequency and number.

For these reasons Evergreen utilizes firms that can provide both transactions (buying and selling) in addition to custody the holding of securities and all the related administrative and tax related functions that are required.

Evergreen considers many factors when choosing a broker/dealer/custodian with whom to work.

These factors include but are not limited to:

- Safety of firm holding assets
- Trading commissions costs
- Other related costs

- Does custodial offer website for client to review their accounts
- Fees to advisor are competitive
- Technology platform is robust
- Real person with whom to work not call in center
- Ability to customize to an extent their services for advisor and client
- Reputation with other advisors and clients
- Support financial service available such as credit/debit cards, loans etc.
- Ease of set up for new clients
- Do they offer free research
- Technology support is capable

In the end the goal is to provide the client with the safest trading and custodial service at the lowest price. *The lowest price is not our goal but the “package ” of safety/price/efficiency is.*

There are occasions when a broker/dealer/custodian does provide Evergreen with certain benefits such as free attendance at an industry seminar or discounts on products Evergreen would otherwise purchase but *it is never a condition of staying with or increasing the business with the third part custodian.*

Evergreen does not pay in any form for referrals from any third party including but not limited to broker dealers or custodians.

Advisor may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and no effect trades for their accounts. Advisor is independently owned and operated and not affiliated with Schwab. Schwab provides Advisor with access to its Institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets is maintained in accounts at Schwab Institutional and is not otherwise contingent upon Advisor committing to Schwab any specific amount of business (assets in custody or trading). Schwab's services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Advisor's clients' accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Schwab also makes available to Advisor other products and services that benefit Advisor but may not benefit its clients' accounts. Some of these other products and services assist Advisor 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 (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of Advisor's fees from its clients' accounts; and assist with back office functions, including accounts not maintained at Schwab Institutional.

Schwab Institutional also makes available to Advisor other services intended to help Advisor manage and further develop its business enterprise. These services may include consulting, publications and conferences 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 rendered to Advisor by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to Advisor. While as a fiduciary, Advisor endeavors to act in its clients' best interests, and Advisor's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Advisor of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Evergreen prefers clients to do business with whatever broker/dealer/custodian being used by Evergreen. If they choose to use another broker/dealer/custodian Evergreen may not be able to offer the most favorable execution of trading and other services.

Clients should be aware that unless Evergreen uses the chosen custodian Evergreen may not be able to provide the same performance reporting and other services available through the custodian they are using at that time. Also, there may be additional fees charged in this instance to cover manual input and other tasks that are not charged clients that use Evergreen's preferred custodian.

Item 13 Review of Accounts

- A- Client accounts are formally reviewed on a quarterly basis by Alan Aiello in conjunction with a formal written presentation to clients that covers account performance, asset allocation, security review and other pertinent information. Alan Aiello personally reviews the data and writes comments specific to each client in a quarterly letter.
- B- Client accounts are also reviewed on a non-scheduled basis triggered by extraordinary global economic circumstances, some material change in industry regulations, changes reported by client that have an effect on asset allocation or security choices, changes in federal, state and local tax laws, changes in the manner in which custodial services are provided or any other material change that Evergreen deems to be important.

C- Regular written reports are provided quarterly as describes in 13.A above.

Item 14 Client Referrals and Other Compensation.

A&B-Evergreen Wealth Management and Alan Aiello receive no compensation other than the fees paid by clients for investment advisory services and reviews. Evergreen receives no fees or payments from any third party and pays no fees to third parties for anything other than services rendered such as IT services. This is the heart of a Fee Only Advisor.

Item 15 Custody

A- Evergreen does not take custody of client funds. All custody is provided by a third party, qualified custodian that provides clients with monthly account statements and other supporting account documentation such as trade confirmations, tax reporting and cost basis information.

Item 16 Investment Discretion

Evergreen operates on a non-discretionary basis meaning the client needs to approve any and all changes to accounts including but not limited to asset allocation, security selection and timing of investments.

Item 17 Voting Client Securities

Evergreen offers a service to vote client securities only if the client wishes to vote as recommended by the Company Board of Directors on all issues. The client must sign an agreement approving Evergreen to vote their securities in this manner. Clients may obtain a copy of our voting policies and procedures upon request.

Item 18 Financial Information

Evergreen does not require pre-payment of fees.