

**Form ADV, Part 2A Appendix 1**

**Wrap Fee Program Brochure**

**VONTOBEL SWISS WEALTH ADVISORS AG**

**Gotthardstrasse 43**

**Zurich, Switzerland**

**CH-8022**

**[www.vontobeladvisors.com](http://www.vontobeladvisors.com)**

**December 2015**

**This wrap fee program brochure provides information about the qualifications and business practices of Vontobel Swiss Wealth Advisors AG (“VSWA”). If you have any questions about the contents of this brochure, please contact us at +41 44 287 8111 and/or [info@vontobeladvisors.com](mailto:info@vontobeladvisors.com). 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.**

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

VSWA is an investment adviser registered with the SEC. Please note use of the term “registered investment adviser” and the description of VSWA as “registered” does not imply a certain level of skill or training. The oral and written communications we provide you, including this brochure, is information you may wish to use in considered whether to hire or retain VSWA as your adviser.

## **2 Material Changes**

This is an amendment filing of the Form ADV Part 2A, Appendix 1, VSWA's Wrap Fee Program Brochure, which was updated on December 23, 2015. The more significant updates that were made in this brochure are as follows: :

- (i) In December 2015, VSWA relocated its main office in Zurich to Gotthardstrasse 43, 8022 Zurich, Switzerland.
- (ii) Further clarification has been provided in terms of VSWA's wrap fees.
- (iii) A more detailed description of VSWA's trade error procedure has been included.
- (iv) Disclosure has been provided about the risk of VSWA's computer systems, software, networks, mobile devices, and those of third parties upon whom we rely, being vulnerable to cyber-attacks, sabotage, unauthorized access, computer viruses, worms or other malicious code, and other events that have a security impact.

This Brochure also includes a number of minor editorial changes.

Generally, VSWA will notify clients of material changes to this Wrap Fee Brochure on an annual basis. Additionally, we will provide clients with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by sending a written request to our Chief Compliance Officer at our Zurich address or by email to [info@vontobeladvisors.com](mailto:info@vontobeladvisors.com). It may also be viewed as the SEC website <http://www.adviserinfo.sec.gov>.

### 3 ADV Part 2A Appendix 1 Wrap Fee Program Brochure Table of Contents

1	Cover Page .....	1
2	Material Changes.....	2
3	Table of Contents .....	3
4	Services, Fees and Compensation .....	4
4.1	About Vontobel Swiss Wealth Advisors AG .....	4
4.2	Wrap Fees .....	4
4.2.1	Foreign Exchange and Precious Metals Transaction Margins and Fees.....	6
4.3	Investment Strategies for the Managed Program .....	7
4.4	Investment Strategies for the Advisory Program .....	10
4.5	Investment Strategies for the Self-Directed IRA Program .....	12
4.6	Solicitation Agreements .....	12
5	Account Requirements and Types of Clients .....	13
6	Portfolio Manager Selection and Evaluation .....	13
6.1	Methods of Analysis, Investment Strategies and Risk of Loss .....	13
6.2	Investment Committee .....	15
6.3	Investment Committee Members .....	15
6.4	Monitoring of All Supervised Persons .....	16
6.5	Risk and Oversight Committee .....	16
7	Client Information Provided to Portfolio Managers .....	17
7.1	Client Communications .....	17
7.2	Review of Client Accounts .....	17
8	Client Contact with Portfolio Managers .....	18
9	Additional Information .....	18
9.1	Regulatory and Other Disciplinary Information .....	18
9.2	Disciplinary Information .....	19
9.3	Other Financial Industry Activities or Affiliations .....	19
9.4	Broker-Dealer .....	19
9.5	Custodian .....	19
9.6	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading and Conflicts of Interest .....	20
9.7	Custody Services .....	21
9.8	Privacy Policy .....	22
9.9	Proxy Voting .....	23
9.10	Brokerage Practices .....	23
9.11	Trade Error Handling .....	23
9.12	Soft Dollars .....	24
9.13	Trade Allocation and Aggregation .....	24
9.14	Information Security .....	25

## **4 Services, Fees and Compensation**

### **4.1 About Vontobel Swiss Wealth Advisors AG**

Vontobel Swiss Wealth Advisors AG (“VSWA”) is a wholly-owned subsidiary of Vontobel Holding AG. With its principal office located in Zurich, Switzerland, it is a non-US company which is registered as an investment adviser with the US Securities and Exchange Commission (“SEC”) and has also filed under the Canadian international adviser exemption of National Instrument 31-103 - *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“NI 31-103”) in the Canadian provinces of Alberta, British Columbia, Ontario and Quebec. Additional information about VSWA can be found in its Form ADV Part 1 that is filed with the SEC and available on the SEC website. A paper copy can be provided by VSWA upon request.

VSWA generally provides investment advice to individuals, trusts, estates, charitable corporations, and corporations or other business entities that are “U. S. Persons,” as such term is defined by the Internal Revenue Code of 1986, as amended, which would, among others, include US citizens and permanent US residents. In addition, as from the second quarter of 2015, VSWA will provide advisory services to clients resident in or subject to the laws of Alberta, British Columbia, Ontario and Quebec who qualify as Canadian “permitted clients”, as such term is defined under NI-103.

VSWA offers an Investment Management Program where VSWA manages the assets in client accounts on a fully-discretionary basis (“Managed Program”). VSWA also offers a Client Directed Advisory Program (“Advisory Program”) where VSWA makes investment recommendations, but the client makes the investment decisions. In addition, VSWA advises self-directed individual retirement accounts (IRAs) established in the name of the IRA by a US entity approved by the Internal Revenue Service (IRS) to act as a IRA trustee, where the IRA owner has the option to manage the investments directly or to designate a third party to manage the IRA’s investments (the “Self-Directed IRA Program”). .

The purpose of this brochure is to describe the wrap fee programs sponsored by VSWA pursuant to which investment advice, costs of trade executions and custody are provided to the client for an all-inclusive fee. The service is typically only for Managed Program accounts larger than 750,000 CHF, for Advisory Program accounts larger than 1,000,000 CHF, or for Self-Directed IRA Program accounts larger than 750’000 CHF.

Throughout this brochure, “we, “us” or “our” refers to VSWA and “client”, “you” or “your” refers to the client or prospective client.

### **4.2. Wrap Fees**

The wrap fee (the “Wrap Fee”) is a consolidated fee that includes the following: (1) VSWA’s services in managing the clients’ accounts and strategies in the Managed Program or advising clients directly in the Advisory Program (or corresponding services for the Self-Directed IRA Program); (2) custody services provided by Bank Vontobel AG (the “Custodian”) which includes reports reflecting all of the client’s holdings and, for Managed Program and Advisory Program clients, 1099 tax reporting on US securities, and a personalized US tax statement (or, for Canadian resident clients, a personalized Canadian tax statement); and 3) the brokerage costs associated with clearing and executing transactions.

The Wrap Fee is an annual fee which is paid on a quarterly basis and is calculated as a percentage of the market value of your total assets held in custody with the Custodian (total assets including all securities, fiduciaries, metals, and cash positions in your portfolio). At the end of each quarter, VSWA will calculate and request the Custodian to pay the *pro-rata* portion of the annual Wrap Fee to VSWA from your account. The fee is based on the average value of your assets as of the last day of the prior three months (i.e. the fee charged in March for the first quarter is calculated by the average of the portfolio value on the last day of February, January and December). This arrangement is more specifically set forth in your Investment Management Agreement for a Managed Program account or your Client Directed Advisory Program Agreement for an Advisory Program account (collectively the agreements are referenced as “Client Agreement”). The Client Agreement for a Self-Directed IRA Program account depends on whether the IRA owner has appointed VSWA to manage the account on a discretionary basis (in which case the Investment Management Agreement applies) or has elected to direct investments for the IRA himself/herself, after discussing recommendations from VSWA (in which case the Client Directed Advisory Program Agreement applies). The appropriate fee schedule is contained in a Client Investment and Risk Profile (“Client Profile”) which is an integral part of the Client Agreement. There are separate fee schedules, as reflected below in Section 4.3, for Managed Program accounts and Section 4.4 for Advisory Program accounts (as set out in Section 4.5, for Self-Directed IRA Program accounts, either the fee schedule in 4.3 or that in 4.5 applies, respectively, depending on whether the IRA owner has appointed VSWA to manage the account on a discretionary basis or has elected to direct investments for the IRA himself/herself, after discussing recommendations from VSWA). The applicable fee under any program will vary depending on the selected strategy within the three programs as well as the total assets under management at the Custodian. If the account is terminated then the management fee will be calculated on a *pro-rata* basis, including the day of termination, but excluding any day thereafter.

The client will designate a “Key Investment Currency” in the Client Profile which is the currency in which investment performance is measured and the currency in which the majority of the assets are invested. The Key Investment Currencies available for each of the Managed Program accounts, Advisory Program accounts and Self-Directed IRA Program accounts are Swiss Franc, Euro and US Dollar.

Your Client Agreement with VSWA becomes effective with the acceptance thereof by you and VSWA. The Client Agreement is for an indefinite period of time and may be terminated by either party at any time upon written notice of termination to the other party. However, termination shall not result in the interruption of ongoing transactions. As of the effective date of termination of our investment management services, we will have no obligation or authority to recommend or take any action with regard to your previously managed assets. You will bear the sole responsibility to work with the Custodian for proper liquidation and/or management of your assets upon termination. The Client Agreement may not be assigned, as such term is defined in the US Investment Advisers Act of 1940, as amended (the “Advisers Act”), to any third party by either you or us without the written consent of the other party.

The Wrap Fee does not include value added taxes that might be applicable to your account as well as stamp duties, local taxes, and third party fees (e.g., the Swiss stamp duty tax, French transaction tax, and fees levied by an exchange such as Hong Kong charges). Additionally, the Wrap Fee does not include special services performed by the Custodian, at the request of the client, such as the request to produce a tax statement for a country other than the US or, in

the case of Canadian resident clients, Canada (e.g. a Swiss, UK or German tax statement) or to reclaim withholding taxes on behalf of the client in non-US countries that have entered into a double-tax treaty with the United States. Each of these special services will incur a separate fee from the Custodian which is not included in the Wrap Fee. Further details regarding fees and expenses are more fully described in the account opening documentation. The Wrap Fee also does not include the margins and fees earned by the Custodian for foreign exchange and precious metals transactions and allocated precious metals held in physical form as described in Section 4.2.1.

Please be advised that other clients with similar assets may have differing wrap fee schedules and pay different wrap fees based on a number of factors. Fees may also differ as a result of the application of prior fee schedules depending upon the client account inception date.

You should also be aware that the same or similar investment services may be available from other investment advisers for a lower fee and that the Wrap Fee charged by us may (or may not) exceed the aggregate true cost of such services if these services were, for example, to be provided individually and secured by you separately. Factors bearing upon the relative cost of the wrap fee program you select include:

- (1) The estimated cost of the services if provided separately outside of the program (in certain circumstances, these costs may be lower than those incurred through the program);
- (2) The level of trading activity in your account (the lower the activity, the less you may benefit, and the more VSWA may benefit, from the Wrap Fee);
- (3) The size of the account (the Wrap Fee is an asset-based fee, the effective rate of which generally decreases as asset size increases);
- (4) The types of services provided, and
- (5) The types of investments (the lower the number of different investment types, the more VSWA may benefit from the Wrap Fee; also certain investments may involve more transaction costs than others).

In addition, please be advised that the Wrap Fee creates a potential incentive for VSWA to select brokers on the basis of lower execution costs rather than execution quality. We address this conflict by evaluating at least annually the trade execution and other services that we and our clients receive from the brokers that are used to execute trades.

VSWA does not charge “performance fees”, which are investment fees based upon the investment performance of a client’s account.

#### **4.2.1 Foreign Exchange and Precious Metals Transaction Margins and Fees**

The Custodian earns a margin for each foreign exchange and precious metals transaction executed on behalf of its clients and charges certain additional fees, described below, for allocated precious metals held in physical form. These earnings and fees create revenue for the Custodian and are outside of VSWA’s Wrap Fee. Clients should be aware that the margin and fees applied by the Custodian in this regard may be more or less favorable to clients than those that may be obtained from an unaffiliated third party.

For foreign exchange transactions, the applicable margins are as follows: (i) for transactions up to CHF 50'000 (or equivalent in other currencies) the margin is 1.5%; (ii) for transactions ranging from CHF 50'001 up to CHF 250'000, the margin is 1.0%; (iii) for transactions ranging from CHF 250'001 up to CHF 500'000, the margin is 0.25%; (iv) for transactions ranging from CHF 500'001 up to CHF 1'000'000, the margin is 0.125%; and (v) for

transactions exceeding CHF 1'000'001, the margin is 0.0625%. In cases where a client purchases or sells an investment against his or her account and the account has a different reference currency than the investment is traded in, such trade will automatically lead to a foreign exchange transaction. Additionally, in case of time differences between the trade and the settlement date on the account, the client might be exposed to a currency risk for this period.

For precious metal accounts (i.e., metals not held in physical form), the same margins above apply. For allocated precious metals held in physical form in a custody account, the Custodian charges an additional handling fee. The Custodian will also charge a separate fee for the physical delivery of precious metals.

Each VSWA client should contact their Wealth Management Advisor if they have any questions regarding the exact margins or fees that are applicable to their Foreign Exchange or Precious Metal transactions.

### **4.3. Investment Strategies for the Managed Program**

Depending on your investment objectives and risk tolerance, the investment strategies currently offered by VSWA that you can select in your Client Profile are as follows:

- **Fixed Income Plus:** For clients who seek to preserve the value of their assets over the long term with the returns generated primarily from current interest income and with low risk.
- **Conservative:** For clients who seek to achieve moderate long term growth in the value of their assets with the returns generated from current income (interest, dividends) and capital gains and with modest risk.
- **Balanced:** For clients who seek to achieve a long term growth in the value of their assets with the returns generated from current income (interest, dividends) and capital gains and with medium risk.
- **Growth:** For clients who seek to maximize the growth of their assets over the long term with the returns generated from capital gains and, to a minimal extent, from current income (interest, dividends) and with high risk.

VSWA as a fiduciary with full discretion for your account must act in your best interests, including with respect to the timing of investing your account. For a new account we will invest client funds as soon as reasonably practicable consistent with the selected strategy (outlined immediately below) and taking into consideration market conditions which we regularly monitor. A volatile market environment may delay the investment of client funds.

The investment range within each asset class will vary depending on the strategy as follows:

Name	Asset Classes (in %)	Min.(in %)	Neutral (in %)	Max.(in %)
Fixed Income Plus	Short term investments	-	10	40
	Bonds	60	85	100
	Equities	-	-	-
	Alternative investments	-	5	15
	Key Investment Currency	60	90	100
	Foreign currencies	-	10	40
Conservative	Short term investments	-	10	50
	Bonds	40	65	90
	Equities	10	20	30
	Alternative investments	-	5	15
	Key Investment Currency	50	80	100
	Foreign currencies	-	20	50
Balanced	Short term investments	-	10	60
	Bonds	20	40	75
	Equities	20	45	75
	Alternative investments	-	5	15
	Key Investment Currency	40	75	100
	Foreign currencies	-	25	60
Growth	Short term investments	-	10	60
	Bonds	-	5	20
	Equities	40	75	100
	Alternative investments	-	10	20
	Key Investment Currency	30	65	100
	Foreign currencies	-	35	70



The standard (graduated) fee schedule for the service provided for each strategy within the Managed Program is as follows:

**Fixed Income Plus:**

Fees are quoted in percentage and asset levels in Swiss Francs. Minimum initial investment is CHF 750,000.00

0.95% For up to and including CHF 3,000,000.00

0.90% From CHF 3,000,000.00 up to and including CHF 5,000,000.00

0.85% From CHF 5,000,000.00 up to and including CHF 10,000,000.00

0.80% From CHF 10,000,000.00 up to and including CHF 15,000,000.00

0.75% Over CHF 15,000,000.00

Minimum Flat Fee: CHF 7,125.00

**Conservative Strategy:**

Fees are quoted in percentage and asset levels in Swiss Francs. Minimum initial investment is CHF 750,000.00

1.15% For up to and including CHF 3,000,000.00

1.10% From CHF 3,000,000.00 up to and including CHF 5,000,000.00

1.00% From CHF 5,000,000.00 up to and including CHF 10,000,000.00

0.95% From CHF 10,000,000.00 up to and including CHF 15,000,000.00

0.90% Over CHF 15,000,000.00

Minimum Flat Fee: CHF 8,625.00

**Balanced Strategy:**

Fees are quoted in percentage and asset levels in Swiss Francs. Minimum initial investment is CHF 750,000.00

1.35% For up to and including CHF 3,000,000.00

1.25% From CHF 3,000,000.00 up to and including CHF 5,000,000.00

1.20% From CHF 5,000,000.00 up to and including CHF 10,000,000.00

1.15% From CHF 10,000,000.00 up to and including CHF 15,000,000.00

1.10% Over CHF 15,000,000.00

Minimum Flat Fee: CHF 10,125.00

**Growth Strategy:**

Fees are quoted in percentage and asset levels in Swiss Francs. Minimum initial investment is CHF 750,000.00

1.65% For up to and including CHF 3,000,000.00

1.55% From CHF 3,000,000.00 up to and Including CHF 5,000,000.00

1.40% From CHF 5,000,000.00 up to and including CHF 10,000,000.00

1.30% From CHF 10,000,000.00 up to and including CHF 15,000,000.00

1.25% Above CHF 15,000,000.00

Minimum Flat Fee: CHF 12,375.00

All fees are correct at the time of publication, but are subject to change at any time with notice to clients. The separate fee schedules for accounts with special investment guidelines or other special circumstances or requirements may be charged differently based on the services rendered. Some existing or new clients may pay different (higher or lower) fees that are not available to new or other clients. Fees are generally not negotiable, but VSWA in its sole discretion, as it determines, may adjust the fees listed above. Note that fees may also differ as a result of the application of prior fee schedules depending upon the client account inception date.

#### **4.4. Investment Strategies for the Advisory Program**

The Advisory Program is a program through which VSWA offers an opportunity for clients who want to have more control over their accounts to direct transactions after discussing recommendations from VSWA. This program permits the client to purchase investments in either “core investments” or “satellite investments.” Core investments are those securities which can be found on VSWA’s “Master Lists”. The Investment Management Team monitors the securities (stocks, bonds and alternative investments) on the Master Lists on a frequent basis. Securities selected from these Master Lists will be found as investments in the Managed Programs. Satellite investments are those securities not found on the VSWA Master Lists. In the Advisory Program, the client may select and direct the purchase of satellite investments but only after the Wealth Management Advisor has discussed the selected satellite investment with the Investment Management Team and provided the client advice on the client’s selected investment. The allocation between core investments and satellite investments will ultimately be selected by the client after a thorough discussion with the Wealth Management Advisor.

The client will complete with the Wealth Management Advisor the Client Profile in which the client will select one of the strategies for his account: Fixed Income Plus, Conservative, Balanced or Growth. Each strategy designates the expected ranges of the various asset class allocations, i.e. short term investments, bonds, equities, alternative investments, Key Investment Currency and foreign currency. The ranges of allocations are the same as described in Section 4.3 above for the Managed Program accounts.

Prior to any transaction in the Advisory Program account, the client will discuss with the Wealth Management Advisor the investments to be purchased or sold taking into consideration the Client’s Investment and Risk Profile. The Wealth Management Advisor will make recommendations considering a number of factors which may include: the impact of the client directed transactions on the asset allocation in relation to the Client Profile, the liquidity of an investment instrument, the concentration risk of the investment, or global economic financial market conditions.

Although VSWA will provide the client advice on the client’s selected investments, the client is solely responsible for the selection and timing of the purchase and sale transactions regarding both the core and satellite investments.

In addition, VSWA is a registered investment adviser and not a registered broker-dealer and as such it does not carry out or facilitate execution-only transactions for the Advisory Program accounts.

The standard (graduated) fee schedule for the Advisory Program is:

**Fixed Income Plus:**

Fees are quoted in percentage and asset levels in Swiss Francs. Minimum initial investment is CHF 1,000,000.00

0.80% For up to and including CHF 3,000,000.00

0.75% From CHF 3,000,000.00 up to and including CHF 5,000,000.00

0.65% From CHF 5,000,000.00 up to and including CHF 10,000,000.00

0.55% From CHF 10,000,000.00 up to and including CHF 15,000,000.00

0.50% Over CHF 15,000,000.00

Minimum Flat Fee: CHF 8,000.00

**Conservative Strategy:**

Fees are quoted in percentage and asset levels in Swiss Francs. Minimum initial investment is CHF 1,000,000.00

1.00% For up to and including CHF 3,000,000.00

0.90% From CHF 3,000,000.00 up to and including CHF 5,000,000.00

0.80% From CHF 5,000,000.00 up to and including CHF 10,000,000.00

0.70% From CHF 10,000,000.00 up to and including CHF 15,000,000.00

0.65% Over CHF 15,000,000.00

Minimum Flat Fee: CHF 10,000.00

**Balanced Strategy:**

Fees are quoted in percentage and asset levels in Swiss Francs. Minimum initial investment is CHF 1,000,000.00

1.20% For up to and including CHF 3,000,000.00

1.10% From CHF 3,000,000.00 up to and including CHF 5,000,000.00

1.00% From CHF 5,000,000.00 up to and including CHF 10,000,000.00

0.90% From CHF 10,000,000.00 up to and including CHF 15,000,000.00

0.80% Over CHF 15,000,000.00

Minimum Flat Fee: CHF 12,000.00

**Growth Strategy:**

Fees are quoted in percentage and asset levels in Swiss Francs. Minimum initial investment is CHF 1,000,000.00

1.45% For up to and including CHF 3,000,000.00

1.35% From CHF 3,000,000.00 up to and Including CHF 5,000,000.00

1.20% From CHF 5,000,000.00 up to and including CHF 10,000,000.00

1.10% From CHF 10,000,000.00 up to and including CHF 15,000,000.00  
0.95% Above CHF 15,000,000.00  
Minimum Flat Fee: CHF 14,500.00

All fees are correct at the time of publication, but are subject to change at any time with notice to clients. The separate fee schedules for accounts with special investment guidelines or other special circumstances or requirements may be charged differently based on the services rendered. Some existing or new clients may pay different (higher or lower) fees that are not available to new or other clients. Fees are generally not negotiable, but VSWA in its sole discretion, as it determines, may adjust the fees listed above. Note that fees may also differ as a result of the application of prior fee schedules depending upon the client account inception date.

#### **4.5. Investment Strategies for the Self-Directed IRA Program**

The Self-Directed IRA Program is available exclusively to individuals who are considered “US Persons”, as such term is defined in the US Internal Revenue Code. The Self-Directed IRA Program is a program through which VSWA advises self-directed IRAs through accounts established with the Custodian by the qualified US bank or trust company acting as IRA trustee / custodian for the US Person individual (i.e., the IRA owner). The accounts are held in the name of the IRA trustee/custodian on behalf of the IRA. The IRA owner has investment authority over the account and has the option of either appointing VSWA to manage investments for the IRA on a discretionary basis or of directing investments for the IRA himself/herself, after discussing recommendations from VSWA, in each case, however, within the scope of the guidelines of the IRA trustee / custodian in terms of permitted investments for the Self-Directed IRA. For Self-Directed IRAs for whom the IRA owner has appointed VSWA to manage the account on a discretionary basis, the Wrap Fee, Client Agreement, investment strategies and standard (graduated) fee schedule as described above for the Managed Program (in Sections 4.2 – 4.3) basically apply. For Self-Directed IRAs where the IRA owner directs investments for the IRA himself/herself, after discussing recommendations from VSWA, the Wrap Fee, Client Agreement, investment strategies and standard (graduated) fee schedule as described above for the Advisory Program (in Sections 4.2 & 4.4) basically apply. In both cases, tax reporting on contribution and withdrawals is performed by the IRA trustee / custodian.

#### **4.6. Solicitation Agreements**

We may enter into marketing arrangements with other financial institutions and individuals, such as investment advisers, pursuant to which representatives of such firms (“Solicitors”) may solicit clients on behalf of VSWA. A portion of the Wrap Fee collected by VSWA may be shared with or a finder’s fee paid to the Solicitor for introducing the referred accounts, however, under no circumstances will such payment result in the client paying any more than the Wrap Fee agreed to with VSWA. Compensation received by the Solicitor may or may not be more than what the Solicitor would receive from VSWA if the client paid separately for investment advice, brokerage and other services; therefore, the Solicitor may have a financial incentive to recommend one of VSWA’s wrap fee programs over other programs and services. You will be provided and asked to acknowledge receipt of a Solicitor’s Statement disclosing the information

about the solicitation arrangement before entering into any written Client Agreement with VSWA.

## **5. Account Requirements and Types of Clients**

VSWA provides investment advice to individuals, trusts, estates, charitable corporations, and corporations or other business entities that are considered “US Persons”, as such term is defined in the US Internal Revenue Code, or who are otherwise residing in the United States. On an exceptional basis, VSWA may also serve non-US trusts, non-US foundations and non-US companies whose ultimate beneficial owner(s) and/or beneficiary or beneficiaries is/are considered “US Persons” or who are otherwise residing in the US. In addition, VSWA provides advisory services to clients resident in the Canadian provinces of Alberta, British Columbia, Ontario and Quebec who are Canadian “permitted clients”, as such term is defined under National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. VSWA may also from time to time provide discretionary investment advisory services in respect of assets placed in Managed Program accounts by third party investment advisers. In such case, VSWA will render continuous investment advice for the portions of the third party investment advisers’ portfolios for which it is selected as sub-adviser, and will have investment discretion with respect thereto subject to review and supervision by the third party investment adviser. Where VSWA is a sub-advisor to a mandate of a third party adviser, the responsible of VSWA will be limited to the portfolio of the assets of the account under its management pursuant to the Client Agreement with the third party adviser.

VSWA’s investment advisory service is typically only available for Managed Program accounts larger than 750,000 CHF, for Advisory Program accounts larger than 1,000,000 CHF, or for Self-Directed IRA Program accounts larger than 750’000 CHF.

## **6. Portfolio Manager Selection and Evaluation**

After a Client Agreement has been entered into, and a suitable investment strategy has been chosen by the client as reflected in the Client Profile, the Wealth Investment Managers manage the selected strategies as a team for the Managed Programs. The investment management team is evaluated on at least an annual basis based upon the performance of the investment strategies and each individual Wealth Investment Manager’s contribution. Our performance information is generated by VSWA, but is not otherwise reviewed by an independent third-party. The Wealth Investment Managers are all employees of VSWA and no other persons act as investment managers. All investment advisory services for the Advisory Program and the Self-Directed IRA Program are similarly provided by VSWA, and there are no external investment advisers or portfolio managers and no affiliates (such as Bank Vontobel AG) that VSWA has engaged to act as investment adviser or portfolio manager for VSWA clients.

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

The investment management team receives investment analysis information from Bank Vontobel AG regarding model portfolio design, specific securities, general market conditions, economic

forecasts. Along with research information from other sources, such as publications from other financial institutions and research services, the team constructs a recommended list of securities and a portfolio for each of the VSWA strategies by asset class and specific securities. The selection of the individual securities, whether US or non-US securities, will depend on the Key Investment Currency selected by the client.

For a description of the investment strategies and process, see Sections 4.3 – 4.5 above.

The selection of an appropriate investment strategy, from Fixed Income Plus or Conservative to Balanced and Growth must fit the client's investment risk profile and objectives. Clients should bear in mind that investing in securities involves a risk of loss that clients should be prepared to bear. Depending on the specific investments held within the client's account, a client may face, for example, risks including but not limited to the following:

**Market risk:** Due to general economic and market conditions, the market price of securities may go up or down, sometimes rapidly or unpredictably, and can impair profitability or result in losses. Factors affecting market price include interest rates, availability of credit, inflation rates, commodity prices, economic uncertainty, changes in laws and national and international political circumstances. Market risk exists in all types of investments.

**Fixed income risk:** Fixed income securities fluctuate in value based on interest rate changes. If rates increase, the market value of fixed income securities will generally decrease. On the other hand, if rates fall, the value of the fixed income investments generally increases. The market value of debt securities with longer maturities is more volatile and likely to fluctuate in response to changed interest rates to a greater degree than the market value of debt securities with shorter maturities.

**Credit risk:** Fixed income securities also involve the risk that the issuer could default on its obligation to pay interest and/or principal, or go bankrupt, which could cause the holder of such a security to suffer a partial or total loss.

**Currency exposure:** A client's account may be invested in securities and other investments that are denominated in currencies other than the client's domestic currency. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates. Each strategy under consideration must be reviewed for the currency risk, i.e. the risk (or opportunity) for additional financial loss (or profit) depending on how much of the investments will occur in the client's domestic versus foreign currency and the rate of the foreign currencies relative to the client's domestic currency.

**Risk related to equity investments:** Investments in equity securities generally involve a high degree of risk. Prices are volatile and market movements are difficult to predict. These price movements may result from factors affecting individual companies or industries. Price changes may be temporary or last for extended periods. The value of specific equity investments correlate to the fundamentals of each particular security, and prices of equity investments may fall or fail to appreciate regardless of movements in securities markets.

**Bulk risk:** The risk of being invested in a single security or issuer is considered and while diversification in general is sought by VSWA, there is no assurance that this will necessarily mitigate or eliminate the risk of loss in every market environment.

**Geographical and sector risk:** The same applies as stated under bulk risk, where there is risk in concentrating investments in geographic regions or business or industry sectors. While geographic and sector diversification is in general sought, there is no assurance that this will necessarily mitigate or eliminate risk of loss. Also, certain strategies necessarily require concentration in a geographic region, and thus those client accounts invested in accordance with that strategy will be subject to increased risk associated with that region.

There is no assurance that any investment risk mitigation efforts, or any hedging strategies, undertaken by VSWA will be successful or otherwise eliminate the relevant risk. Further, there is no assurance that a client will achieve his or her stated investment objective.

## **6.2. Investment Committee**

VSWA has an investment committee (the “Investment Committee”), which is comprised of the Wealth Investment Managers and senior members of VSWA. The Investment Committee is chaired by VSWA’s Chief Investment Officer who is responsible for the prudent management of VSWA’s client assets. The Investment Committee meets on at least a monthly basis with interim meetings as necessary to discuss, in general terms, allocation within each investment strategy, securities selection, risk management, overall investment strategy, and performance. The Investment Committee may also invite others to serve as advisors or consultants to the Investment Committee.

Taking into account the recommendations for the assets and securities for each investment strategy, the Investment Committee will determine the allocation of such assets and securities for each investment strategy. Thereafter, individual client accounts holdings and transactions are constructed taking into consideration any specific client guideline requirements. The Wealth Investment Managers will then transmit orders to a U. S. registered broker-dealer for execution and clearance.

The US clearing broker in conformance with its best execution responsibilities will select the executing broker, which in some instances may be Bank Vontobel AG, particularly for securities traded in Swiss and possibly other non-US markets. Bank Vontobel AG will also be serving as the custodian for your account.

## **6.3. Investment Committee Members**

The following is a list of each member currently serving on VSWA’s Investment Committee and their respective titles within VSWA:

- (i) Sabina Weber Sauser, Chief Investment Officer and Chair of the Investment Committee;
- (ii) Deepak Soni, Chief Executive Officer and Voting Member of the Investment Committee;

- (iii) Markus Bruhin, Head Investment Management and Voting Member of the Investment Committee;
- (iv) Michael Wüthrich, Wealth Management Advisor and Voting Member of the Investment Committee;
- (v) Veronika Künzler, Wealth Investment Manager and Non-Voting Member of the Investment Committee;
- (vi) Kostas Ntefeloudis, Wealth Investment Manager and Non-Voting Member of the Investment Committee;
- (vii) Susanne Knorr, Wealth Investment Manager and Non-Voting Member of the Investment Committee; and
- (viii) Rebecca Brunner, Chief Compliance Officer and Non-Voting Member of the Investment Committee.

#### **6.4. Monitoring of all Supervised Persons**

VSWA's Chief Compliance Officer ("CCO") and Compliance staff under the direction of the CCO routinely monitor the advisory correspondence (i.e., emails, letters, facsimiles, journal entries, contractual agreements, etc.) and advisory activities (including marketing materials) of each supervised person. Rebecca Brunner is VSWA's CCO and can be contacted at the following number: +41 44 287-8130.

#### **6.5 Risk and Oversight Committee**

VSWA has established a risk and oversight committee (the "Risk and Oversight Committee") which is led by the Chief Executive Officer, or in his absence, a designee. The Risk and Oversight Committee meets on a monthly basis to review and, as necessary, resolve and approve, among other things:

1. Any compliance issues that have arisen, such as trade errors and personal securities trading issues, including best execution and evaluation of the US brokers as well as any trading related issues;
2. Client related issues, including the on-boarding of new client accounts, client complaints, and annual review of client accounts;
3. Performance of portfolios;
4. Valuations issues; and
5. Service provider arrangements, including any operational issues.

The Risk and Oversight Committee will review, with regard to errors, the facts surrounding each circumstance to determine whether an error has in fact occurred. If the Risk and Oversight Committee determines an error has occurred, it will consider (i) the nature and cause of the error, (ii) whether the client has been disadvantaged by the error, and (iii) suitability of the allocations



resulting from an error. Unsuitable trades will always be resolved in the client's favor. See Section 9.11. below for further information on VSWA's trade error procedures.

## **7 Client Information Provided to Portfolio Managers**

We offer several investment strategies that are appropriate for you based on your risk profile. The process begins when you fill out a confidential, in-depth Client Profile. The Client Profile will help us work with you to clarify your financial objectives and goals, establish your tolerance to risk, and identify your most comfortable style of investing. The Client Profile is used by VSWA as the primary reference for advising or managing your portfolio. You may also indicate special instructions or limits that you wish us to follow in managing your assets.

Based on our analysis of your Client Profile, we will discuss with you the investment strategy or strategies that are appropriate for your specific circumstances and discuss with you the current allocation of security asset classes for the selected investment strategies. The range of specific asset classes (e.g., short term instruments, bonds, equities, alternative investments, Key Investment Currency and foreign currencies) will determine which portfolio is suitable to your individual risk tolerance, and investment income needs.

### **7.1. Client Communications**

Your Wealth Management Advisor will be in frequent communication with you over the phone, by email and in person as well as through written communications, such as market up-dates. If you have expressly consented thereto, the client correspondence and notifications may be sent to you via electronic means (such as e-mail).

The Custodian will provide you with an account statement (at least quarterly) identifying the transactions and movement of funds during the reporting period, as well as listing each security in your account as of the end of the reporting period. Individual confirmations for any transactions will be provided to all VSWA clients. A client will receive paper copies of their account statements at least on a quarterly basis. After the end of the calendar year, each client who is considered a "US Person", as such term is defined in the US Internal Revenue Code, will receive tax reporting information that will include 1099 forms (e.g., 1099-DIV, 1099-INT and 1099-B) as well as a tailored US tax report for each client, which will reflect total income (both dividend and interest income) from non-US sources and a capital gains section (long and short-term capital gains) on the client's US and Non-US positions (i.e., worldwide income). In addition, Canadian resident clients will receive a tailored Canadian tax report for each client. Although the reports are prepared in a diligent manner, you should carefully review the information in these statements to ensure they are accurate and notify us if you have any concerns regarding such statements or reports or note any discrepancies.

### **7.2. Review of Client Accounts**

A designated Wealth Management Adviser reviews information submitted by each new prospective client prior to the establishment of the client account. Once the account has been established, the Head Investment Management and the Wealth Investment Manager monitor the

account positions for asset performance and analyze market risk factors on a frequent basis. The relative strength, momentum and price movement of each asset class is reviewed and client allocations are weighted to best meet individual risk tolerances and objectives based on the client's selected investment strategy.

The Head Investment Management is responsible for ensuring the monitoring of transactions and the account holdings. At least annually, your account undergoes a thorough review and you are asked to discuss with your Wealth Management Adviser your account, update your Client Profile and review the investment strategy used to manage your assets. The Client Profile is the primary reference for managing a client's account. If the information is current, no further action is required. If any information has changed, you should notify us promptly of the changes.

The Wealth Management Adviser can assist you to effect all payments and withdrawals from your account with the Custodian. You may add or withdraw funds from an account at any time. However, in order for VSWA to maintain accurate information regarding your account, you should provide written notice as provided in the Client Agreement of any such additions or withdrawals several days prior to the anticipated transaction. We are not responsible for accurate reporting if you fail to provide us with accurate information. We strive to maintain your account data as accurately as possible; however, we must rely on accurate information being provided to us by you and the Custodian through electronic or other means in order to do so.

On a regular basis, we internally review our clients' accounts to ensure compliance with client investment guidelines and policies. Factors that may trigger additional reviews include: changes in market conditions, changes in client needs, changes in a client's financial situation and investment objectives, and maturity of client investments. We provide clients with personalized service in the management of their securities portfolios. Because the size, structure and investment objectives of accounts vary widely, the attention that must be given to accounts also varies.

## **8. Client Contact with Portfolio Managers**

There are no restrictions placed on clients' ability, other than when clients are calling outside of VSWA's normal business hours, to contact and consult with VSWA's Portfolio Managers. VSWA's normal business hours are from 9:00 a.m. to 6:00 p.m. local Zurich time (CET). The normal business hours of VSWA's Dallas office are from 9:00 a.m. to 6:00 p.m. local Central Standard Time (CST).

## **9. Additional Information**

### **9.1. Regulatory and Other Disciplinary Information**

The United States Securities and Exchange Commission ("SEC") requires that we disclose any legal or disciplinary event that is material to a client's (or prospective client's) evaluation of the integrity of the adviser or its management personnel where the event was within the past ten (10)

years or beyond the ten years if “the event is so serious that it remains material to a client’s or prospective client’s evaluation of the adviser and the integrity of its management.” The SEC also requires that we disclose if the adviser or any of its management persons have been “involved in” (defined as “engaging in any act or omission, aiding, abetting, counseling, commanding, inducing, conspiring with or failing to reasonable supervise another doing an act”) such a legal or disciplinary event. In addition, this disclosure is applicable to the adviser’s affiliates, which include all of VSWA’s employees, officers, partners, or directors and all persons directly or indirectly controlling or controlled by VSWA.

## **9.2. Disciplinary Information**

There are no legal or disciplinary events that are material to an evaluation by a client or prospective client of our business or management.

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

VSWA has an affiliated broker-dealer and an affiliated custodian as described below in Sections 9.4 and 9.5.

## **9.4. Broker-Dealer**

Related Person: Vontobel Securities Ltd. (Vonsec)

Relationships and Arrangements with Related Person:

Vonsec is an affiliate of VSWA as both are owned by Vontobel Holding AG. Vonsec, with its principal office in Zurich at Bleicherweg 21, Zurich, Switzerland 8022, and a branch office at 1540 Broadway, 38th Floor, New York, NY, is a registered broker-dealer with the SEC and is a member of FINRA. VSWA does not use Vonsec as an executing broker and does not currently intend to do so. However, if this were to be the case in the future, under no circumstances would VSWA clients pay any additional fees in excess of the agreed upon Wrap Fee because all brokerage costs are integrated as part of the Wrap Fee.

## **9.5. Custodian**

Related Person: Bank Vontobel AG, Zurich, Switzerland

Relationships and Arrangements with Related Person:

Bank Vontobel AG, a Swiss-regulated universal bank, is an affiliate of VSWA as both are owned by Vontobel Holding AG. Each of the VSWA clients will arrange a separate custody account at Bank Vontobel AG and, in the Client Agreement with VSWA, the client will acknowledge this arrangement. The custody services Bank Vontobel AG provides to VSWA and its clients are discussed in more depth in Section 9.7 below and include: (i) trade reconciliation (including matching of orders, electronic delivery of trades, settlement of trades); (ii) valuation of portfolio holdings; (iii) pursuant to client authorization the debiting from the client account fees owed to

VSWA; (iv) maintenance of certain books and records; and (v) and client reports reflecting trading activity, account valuation information, and tax reporting information.

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

VSWA has adopted a Code of Ethics for all employees that, at a minimum, includes standards of business conduct for all supervised persons and that requires each supervised person to comply with all applicable US federal securities laws.

The Code of Ethics is designed to, among other things, govern personal securities trading activities in the personal accounts of VSWA employees. The Code contains general ethical principles and personal securities reporting provisions for VSWA employees. In summary, the Code prohibits employees of VSWA from taking inappropriate advantage of their positions and the access to information concerning the investments or investment intentions of VSWA on behalf of its clients, or their ability to influence such investment intentions, for personal gain or in a manner detrimental to the interests of its clients. VSWA's employees must obtain pre-clearance for transactions in defined "reportable securities" as set forth by the SEC, which includes stocks, securities futures, and bonds and provide account information about personal securities transactions and holdings.

It is our express policy that any person employed by us is prohibited from profiting at the expense of our clients and from competing with our clients.

The VSWA Code of Ethics, Compliance Manual and other compliance policies and procedures adopted by VSWA contain the following provisions to handle conflicts of interest:

- (1) Each employee of VSWA obtains pre-trade approval for transactions and submits quarterly reports of transactions and securities holdings.
- (2) We maintain records of all securities holdings for our clients and our employees. These holdings are reviewed on a regular basis by our Chief Compliance Officer.
- (3) No individual shall cause or attempt to cause any of our clients to purchase, sell or hold any interest in a security in a manner calculated to create any personal benefit or benefit for any employee account.
- (4) Each employee receives annual compliance training and must acknowledge the firm's policies and procedures with respect to the Code of Ethics on an annual basis.
- (5) Any employee not in observance of the above may be subject to disciplinary action, and possible termination.

The Advisers Act makes it unlawful for VSWA employees to engage in conduct which is deceitful, fraudulent, or manipulative, or which involves false or misleading statements, in

connection with the purchase or sale of securities. The VSWA Code of Ethics acknowledges the general principles that VSWA and/or its employees:

- (a) Owe a fiduciary obligation to its clients;
- (b) Have the duty at all times to place the interests of their clients first;
- (c) Must conduct all personal securities transactions in such a manner as to avoid any actual or potential conflict of interest or abuse of an individual's position of trust and responsibility;
- (d) Should not take inappropriate advantage of their positions in relation to client accounts;
- (e) Must comply with the US federal securities laws and applicable Swiss laws; and
- (f) Must safeguard non-public information.

A copy of the VSWA Code of Ethics is available to clients and potential clients on request.

Except as prohibited by law, VSWA may purchase, sell or recommend for purchase or sale for its clients, securities of companies (1) for which its affiliates act as an investment banker or financial adviser; (2) with which its affiliates have business or other relationships; (3) in which its affiliates have a financial interest or other interest, through ownership of securities, loan arrangements, or otherwise; (4) in the securities of which its affiliates act as a market maker or maintain a position; or (5) in which its officers, directors or employees or those of its affiliates own securities or otherwise have an interest. VSWA may recommend to its clients, or purchase for its clients, securities of issuers in which Vontobel Holding AG or one of its affiliates has an interest. In addition, advice provided by VSWA may differ from advice given by its affiliates.

## **9.7. Custody Services**

An affiliate of VSWA, Bank Vontobel AG, Zurich, Switzerland (the Custodian), will serve as custodian for your cash, security and other holdings. The Custodian provides to VSWA and you services such as (i) trade reconciliation services (including matching of orders, electronic delivery of trades, settlement of trades); (ii) valuation of portfolio holdings, (iii) pursuant to your authorization the debiting from your accounts of fees owed to VSWA, (iv) maintenance of certain books and records, and (v) client reports reflecting trading activity, account valuation information, and tax reporting information.

The Custodian will at least quarterly provide directly to you an account statement showing purchases and sales of securities, receipt and disbursement of cash (including the adviser's fee) and securities positions. As noted above, you should review these reports to ensure their accuracy.

Since the Custodian is a related person to VSWA pursuant to Rule 206(4)-2 under the Advisers Act, VSWA must undergo a surprise audit conducted by an independent accounting firm each

calendar year. This surprise audit is to confirm the accuracy of our custody records. VSWA will engage an independent accounting firm each year to perform this examination at a date to be selected by the accounting firm in accordance with the Advisers Act requirements.

In addition, the Custodian as a related entity to VSWA must obtain a written internal control report, which includes an opinion from an independent public accountant with respect to its controls relating to the custody of VSWA's client assets. This audit must be undertaken no less frequently than once each calendar year.

In both cases the accountant performing the surprise examination and the accountant issuing the internal control report must be registered with, and subject to regular inspection by, the US Public Company Accounting Oversight Review Board.

Please be aware that the time needed to establish a custodial account with Bank Vontobel AG will vary considerably, in part as a function of the differing requirements posed by accounts for complex structures, e.g., as opposed to accounts for individuals. While no Wrap Fee will be charged until the successful opening of the custodial account, long wait-times between the start of a relationship between VSWA and a client and the successful opening of a custody account increases the risk that a client's financial position might be impacted by the delay.

## **9.8. Privacy Policy**

We recognize and respect the privacy of each of our customers and their expectations for confidentiality. The protection of customer information is of fundamental importance in our operation and we take seriously our responsibility to protect non-public personal information. The SEC has issued Regulation S-P that requires, among other things, that financial institutions provide a notice to clients of the firm's policies relating to private client information.

VSWA obtains non-public personal information about you from the following sources:

- Information we receive from you on applications and other forms such as information and records pertaining to personal background, investment objectives, financial situation, investment holdings, account numbers, account balances, etc.;
- Information about your transactions with us or others;
- Information we may receive from a consumer reporting agency.

We do not disclose any non-public personal information about you unless VSWA is:

- Previously authorized by you to disclose information to individuals and/or entities not affiliated with VSWA, including, but not limited to the client's other professional advisers and/or service providers (i.e., attorney, accountant, insurance agent, broker-dealer, investment adviser, account custodian, etc.);
- Required to do so by judicial or regulatory process; or

- Otherwise permitted to do so in accordance with the parameters of Regulation S-P.

VSWA restricts access to your personal and account information and limits its availability to its employees and employees of affiliates who need to know that information to provide products or services to you, such as Bank Vontobel AG for custody matters. If you decide to close your account(s) or become an inactive customer, we will adhere to the privacy policies and practices as described in this notice.

VSWA maintains physical, electronic, and procedural safeguards to guard your nonpublic personal information.

VSWA may be required to disclose client information according to regulatory requirements, during an inspection by the Securities and Exchange Commission or pursuant to judicial or other regulatory process.

### **9.9. Proxy Voting**

VSWA does not vote or provide any advice about the voting of proxies solicited by, or with respect to, the issuers of any securities held by any Client in one of VSWA's wrap fee programs.

### **9.10. Brokerage Practices**

In order for us to actively manage your assets, we require that you appoint us as attorney-in-fact with full discretionary trading authority. This authority will allow us to buy or sell securities, as well as specify the amount of securities to invest, without first obtaining your specific consent. This authority also enables the transfer or exchange of your funds between asset classes and other securities agreed to by you in accordance with the investment management service selected by you.

VSWA transmits securities transactions to US regulated broker-dealers who will act as clearing brokers and who will select an executing broker based upon best execution and other considerations. In certain circumstances for securities traded in Swiss and possibly other non-US markets, Bank Vontobel AG may be selected by the clearing broker as the executing broker. There are conflicts of interest in the selection of an affiliated executing agent; however, given that the wrap fee payments are a fixed amount, there is no extra compensation charged to you. The clearing broker has independent regulatory obligations to select executing brokers taking into account best execution considerations.

### **9.11. Trade Error Handling**

From time to time, VSWA may make an error in submitting a trade order on your behalf. VSWA's policy and practice is to monitor and reconcile all trading activity, identify and resolve any trade errors promptly, document each trade error with appropriate supervisory and oversight approval and maintain a trade error file. Pursuant to its trade error procedure, VSWA strives to

correct and otherwise resolve trade errors in a manner assuring that the client is made whole. The client may retain gains resulting from an error that has impacted the client's account; however, if the client is unable/restricted from receiving that gain, or if the gain results from an error that has not impacted the client's account, VSWA will donate the gain to charity.

## **9.12 Soft Dollars**

Section 28(e) of the United States Securities Exchange Act of 1934, as amended, provides a limited "safe harbor" for advisers with discretionary authority in connection with the receipt of certain "soft dollar" benefits. Under Section 28(e), an adviser who exercises investment discretion over a client's account is permitted to cause the account to pay more than the lowest commission rate available so long as the adviser determines in good faith that the commission amount is reasonable in relation to the value of permitted brokerage and research services provided to the adviser. Currently, VSWA does not use soft dollars to purchase research products and services. However, if VSWA were to participate in soft dollar arrangements, under no circumstances would VSWA clients pay additional fees in excess of the agreed upon Wrap Fee.

## **9.13 Trade Allocation and Aggregation**

VSWA allocates trades fairly and does not favor client accounts with investment opportunities that are limited in availability. To the extent that investment opportunities offered by VSWA are limited in availability, an allocation will be determined in advance and a pro-rata allocation will be pursued to the extent possible. In such case, factors such as suitability, asset allocation and/or ability to invest additional funds may be taken into consideration during the allocation process in order to determine those clients eligible to participate in an allocation that is limited in availability; investment restrictions of particular accounts may also be considered in determining eligibility, especially if the market for the security is limited. If there are not enough shares for a pro-rata allocation, then VSWA may operate the allocation process in a different manner as long as it is equitable and fair.

Examples of other allocation methodologies that may comply with this fairness provision include random selection and/or allocation on a rotational/"rolling" basis (e.g., where a random list of eligible clients is generated and orders are filled starting at the top until supply is exhausted; in the next allocation, the fill begins at the place on the list where it was cut off the last time).

When VSWA believes that the purchase or sale of a security is in the best interest of more than one client, it may (but is not obligated to) aggregate the orders to be sold or purchased to seek favorable execution or lower brokerage commissions, to the extent permitted by applicable laws, rules and regulations. Aggregation of orders under these circumstances should, on average, decrease the costs of execution. VSWA may aggregate orders so that all participating client accounts benefit equally from the reduced price (i.e., all receive an average price of the aggregated orders). In the event VSWA aggregates an order for participating accounts, the method of allocation will generally be determined prior to the trade execution. Although no specific method of allocation of transactions (as well as expenses incurred in the transactions) is expected to be used, allocations will be designed to ensure that over time all clients receive fair



treatment consistent with VSWA's fiduciary duty to its clients (including its duty to seek to obtain best execution of client trades). However, in general, transactions for Advisory Program accounts will not be aggregated with transactions for other client accounts.

#### **9.14. Information Security**

Our operations rely on effective information technology security and our ability to securely process the storage and transmission of confidential and other information. Although we employ protective measures to safeguard your personal and other information from unauthorized access or use, there is a risk of our computer systems, software, networks, mobile devices, and those of third parties upon whom we rely, being vulnerable to cyber-attacks, sabotage, unauthorized access, computer viruses, worms or other malicious code, and other events that have a security impact.