



**Belvédère Wealth Advisors Ltd.**

Firm Brochure / Form ADV Part 2A

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This brochure (the “*Brochure*”) provides information about the qualifications and practices Belvédère Wealth Advisors Ltd. (“*BWA*”), an investment adviser registered with the United States Securities and Exchange Commission (the “*SEC*”). If you have any questions about the contents of this brochure, please contact us at the telephone number and/or e-mail address below. The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply that BWA or its employees possess a certain level of skill or training. Additional information about BWA is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Bellerivestrasse 42

Zurich, Switzerland, 8008

Phone: +41 43 244 74 90

[www.belvedere-wa.com](http://www.belvedere-wa.com)

E-mail: [info@belvedere-wa.com](mailto:info@belvedere-wa.com)

CRD No.: 300553



## **Item 2 – Material Changes**

There have been no material changes since this Brochure is BWA's initial Brochure.



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## **Item 4 – Advisory Business**

### **Firm Description**

Belvédère Wealth Advisors Ltd. (“*BWA*”) is a Swiss corporation founded in March 2019 and an active member of a Swiss self-regulatory organization recognized by the Swiss Financial Market Supervisory Authority (“*FINMA*”). *BWA* provides investment advisory services to clients resident in the United States (“*U.S.*”). We also serve US taxpayers or dual citizens living outside the U.S.

### **Principal Owners**

*BWA* is a wholly owned subsidiary of Belvédère Asset Management Ltd. (“*BAM*”), Glarus, Switzerland, a Swiss fund asset manager supervised by *FINMA*. *BAM* is principally owned by Centrum Beratungs- und Beteiligungen AG, Zurich, Switzerland which in turn is wholly owned by the Marxer Foundation for Bank and Enterprise Values, Vaduz, Principality of Liechtenstein.

### **Asset Management Services**

*BWA* provides investment management solutions on a discretionary or non-discretionary basis. Each client's assets are held in a separate account maintained at a third-party financial institution not related to *BWA*.

*BWA* works with each client to establish an appropriate personal investment profile. For each client the most suitable investment strategy is then defined based on the client's needs and investment profile. *BWA* manages portfolios with the following investment strategies: fixed income, income, balanced, growth and equities. Each client may also impose reasonable restrictions on *BWA*'s management of its accounts e.g. a client may restrict or prohibit transactions in certain types of securities.

*BWA*'s client portfolios are diversified across multiple asset classes. Accounts may include, without limitation: equity securities, fixed income securities, limited partnership interests, mutual funds, exchange traded funds, hedge funds, options, structured product investments and other alternative investments consistent with a client's objective, risk tolerance, reference currency, tax situation, investment time horizon and overall suitability. For the purpose of diversification, client accounts will hold non-U.S. dollar denominated securities in markets outside the U.S. This may expose clients to exchange rate and other currency risks.

Generally, *BWA* recommends to its clients to have a long-term investment horizon. However, *BWA* may recommend changes to allocations in an attempt to take advantage of conditions in the current economic environment whilst being sensitive to transaction costs and taxes that may affect its clients. Such changes may involve underweight or overweight positions designed to capitalize on current economic conditions over the short-term.

*BWA*'s advice is limited to the types of securities and transactions as set forth in Item 8.

### **Discretionary Services**

*BWA* offers a discretionary asset management service designed for clients who wish to have their assets fully managed by *BWA*. This service provides asset allocation, investment selection and active portfolio management, including portfolio rebalancing in accordance with a client's stated objectives, investment time horizon, and risk tolerance. *BWA* purchases and sells securities for the client's account without prior consent of or notification to the client. *BWA* determines



the securities that are bought and sold for the client's account and the total amount of the purchases and sales.

For portfolios with a value of USD 10'000'000 and more BWA can also help design tailor-made discretionary managed portfolios to cater to specific individual needs or circumstances of a client. Such a strategy would be referred to as an "individual" strategy. The composition and management of such an "individual" portfolio may differ considerably from the management of the portfolios managed according to the investment strategies mentioned above.

BWA's authority may be subject to conditions imposed by individual clients as set forth and agreed upon in the investment management agreement entered into between BWA and the client.

### ***Non-Discretionary Services***

The non-discretionary asset management service is similar to the discretionary asset management service in terms of the investment approach. However, BWA requires client consent before effecting any transaction. This means that the ultimate decision on when or what to purchase or sell (or to take no immediate investment action at all), remains solely with the client.

This service is designed for clients who desire holistic management of their account but who want to retain involvement in every investment decision. As a result, clients under this service offering may not be invested in the same manner as those clients with the discretionary asset management service.

### **Wrap Fee Programs**

BWA does not participate in wrap fee programs.

## **Item 5 – Fees and Compensation**

BWA generally charges each client an asset management fee for its services that is equal to the percentage of the market value of assets under management ("AuM") in respect of such client shown in the fee tables below. AuM for these purposes includes all funds subject to the investment advisory services. The asset management fee is charged quarterly in arrears. AuM is measured with reference to the average of the closing balances for the last business day of each month within the respective calendar quarter. The fee generally is charged in the reference currency of the account as selected by the client. Compensation owed to BWA is not payable in advance. Accounts opened or closed during a calendar quarter will be charged a pro-rated fee. Upon termination of any relationship, accrued, and unpaid fees will be due and payable promptly. In all cases, BWA may waive, discount or negotiate the amount of the asset management fees at its discretion based on client specific factors, including, but not limited to, AuM and the risk/return parameters of the investment.

BWA does not receive undisclosed remuneration from third parties in connection with its investment advisory services. Discounts, finder's fees or any other remuneration received by BWA from third parties will be credited to the respective client's account in full. BWA does not charge commissions, subscription fees, or hourly or daily rate fees for its advisory services.

In addition to the asset management fees charged by BWA, clients will incur custodian fees, fees for trade settlement, brokerage commissions, or any other fee imposed by the custodian bank chosen by the client and/or broker-dealer used for trading securities and currencies. See Item 12 herein for further information regarding brokerage fees and activities. BWA's fees also do not include management or other fees charged by mutual funds/exchange traded funds or other products that client funds may be invested in from time to time.



Services performed by BWA beyond the above described advisory services may incur additional fees, which may be charged on an hourly basis. Rates will vary depending on the type of service and personnel assigned with the work. Any additional fees are disclosed to the client.

BWA generally relies on custodians of its clients to value the assets in the respective client accounts, and BWA computes its management fees based on these valuations provided by the custodian bank. BWA typically will arrange with the custodian for the direct payment of its fees from the client's account, provided the client authorizes such payment in advance with its custodian bank. The statement from the custodian bank will reflect all amounts disbursed from the account, including the amount of any management fee paid to BWA.

Fees may be subject to VAT at such rates as may be in force at the time the fees are due.

### ***Fees for Discretionary Services***

The following fee schedule generally applies for BWA's discretionary asset management service:

From USD	To USD	Annual Fee	Effective Rate
1,000,000	3,000,000	1.00%	1.00%
3,000,000	5,000,000	0.90%	0.90%
5,000,000	10,000,000	0.85%	0.85%
10,000,000		Individually negotiated	Individually negotiated

### ***Fees for Non-Discretionary Services***

The following fee schedule generally applies for BWA's non-discretionary asset management service:

From USD	To USD	Annual Fee	Effective Rate
1,000,000	3,000,000	1.10%	1.10%
3,000,000	5,000,000	1.00%	1.00%
5,000,000	10,000,000	0.90%	0.90%
10,000,000		Individually negotiated	Individually negotiated

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

### **Performance-Based Fees**

BWA does not charge any performance-based fees.

### **Side-by-Side Management**

Conflicts related to side-by-side management of different accounts may exist. For example, BWA may manage more than one account according to the same or a substantially similar investment strategy. Side-by-side management of different types of accounts may further raise conflicts of interest when two or more accounts invest in the same securities. These potential



conflicts include the favorable or preferential treatment of an account or a group of accounts, conflicts related to the allocation of investment opportunities, particularly with respect to securities that have limited availability, such as initial public offerings, and transactions in one account that closely follow related transactions in a different account. In addition, the results of the investment activities for one account may differ significantly from the results achieved for other accounts, particularly as a result of BWA's practice to individually tailor each client's investment portfolio. BWA has policies and procedures in place aiming to ensure that all client accounts are treated fairly and equitably. BWA strives to equitably allocate investment opportunities among relevant accounts over time. In addition, investment decisions for each account are made with specific reference to the individual needs and objectives of the account. Accordingly, BWA may give advice or exercise investment responsibility or take other actions for some clients (including related persons) that may differ from the advice given, or the timing and nature of actions taken, for other clients. Investment results for different accounts, including accounts that are generally managed in a similar style, may also differ as a result of these considerations. Some clients may not participate at all in some investments in which other clients participate, or may participate to a different degree or at a different time.

## Item 7 – Types of Clients

BWA primarily provides asset management services to individuals, high net worth individuals and their families and (associated) trusts, foundations and other legal entities.

Generally, BWA prefers its client relationships to have a minimum of CHF 1,000,000 pf AuM. BWA may accept accounts below the minimum requirements, or may retain accounts that have dropped below the minimum requirement due to market fluctuations or investment performance. Related accounts can be aggregated.

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

### Methods of Analysis / Investment Selection

Disciplined and ongoing monitoring of investments		
Macro Analysis	Micro Analysis	Investment Selection
Country Analysis <ul style="list-style-type: none"> <li>- Growth</li> <li>- Leading Indicators</li> <li>- PMI's</li> <li>- Inflation</li> <li>- Consumption</li> <li>- Monetary/Fiscal Policy</li> <li>- Centralbank actions</li> <li>- Political Landscape</li> </ul>	Stock analysis <ul style="list-style-type: none"> <li>- Valuation</li> <li>- Earning figures</li> <li>- Dividend Yield</li> <li>- Chart-analysis</li> <li>- Sector analysis</li> <li>- Peer Group comparison</li> </ul> Bond analysis <ul style="list-style-type: none"> <li>- Valuation</li> <li>- Earnings</li> <li>- Duration</li> </ul>	<ul style="list-style-type: none"> <li>- Based on our analysis, top down and bottom up, we select the appropriate Investments</li> <li>- We use derivative Strategies for hedging purposes (FX Exposures) or to enhance Portfolio Performance (Options strategies like</li> </ul>
Country specific risk analysis		



	<ul style="list-style-type: none"> <li>- Credit analysis</li> <li>- Specific language</li> <li>- Prospectus</li> </ul> <p>Fund analysis</p> <ul style="list-style-type: none"> <li>- Track-Record/Manager</li> <li>- Performance/Costs</li> <li>- Peer Group comparison</li> </ul>	covered call or short put)
Monthly Investment Committee to monitor, discuss and decide Investment Strategy		

## Investment Strategies

	Investment strategy proposal	Risk tolerance and investment objectives
Fixed income	This strategy aims to preserve the assets by investing in a diversified range of fixed-income securities and to generate a steady income from interest.	Client is very risk-averse, with a strong focus on wealth preservation, which is a priority over asset growth.
Income	This strategy is conservative, investing predominantly in fixed-income securities, with a low equity exposure in order to enhance the portfolio performance.	Although quite averse to risk, the client is prepared to take a moderate amount of risk in order to enhance his return on assets.
Balanced	This strategy focuses primarily on achieving a realistic long-term increase in asset value, tolerating a moderate level of short-term volatility. Return is generated from interest and dividend revenues. Additional capital gains are generated from equities and alternative investments.	The client perceives risk as an opportunity to achieve an attractive long-term return on assets. The client is able to bear short-term losses due to the longer-term investment horizon.
Growth	This strategy aims to achieve significant long-term asset growth, which may involve a high level of volatility. Return	The client wishes to participate substantially in the gain potential of equity markets. To this end, the client is prepared





	is generated from capital gains as well as interest and dividend income.	to tolerate strong short-term volatility and is able to bear respective financial losses.
Equities	This strategy involves the highest amount of risk exposure, as it aims to achieve a substantial real long-term asset growth by investing predominantly in equities, which may involve substantial volatility. It focuses primarily on capital gains, complemented by interest and dividend income.	The client has a strong risk appetite and his primary focus is on capturing potential long-term gains on his investments. To achieve long-term returns, the client is prepared to tolerate significant volatility and is able to bear respective losses also in the longer term.

### **Material Investment Risks**

Clients should bear in mind that investing in securities, precious metals and foreign currencies involves a risk of loss. Clients should be prepared to bear the risk of losing their investment in securities. Past performance is not an indication of future results.

Among other risks, investments will be subject to market risk, liquidity risk, credit and counterparty risk, interest rate risk, risk in fluctuations of commodity pricing, risk of loss due to political and economic developments in foreign markets and risk involving movements in the currency markets.

Depending on the specific investments held within the client's account, a client may face the following investment risks:

#### ***Market Risk***

Market risk refers to the risk of loss arising from general economic and market conditions, such as interest rates, availability of credit, inflation rates, commodity prices, economic uncertainty, changes in laws and national and international political circumstances. Each Account is subject to market risk, which will affect volatility of securities prices and liquidity. Such volatility or illiquidity could impair profitability or result in losses.

#### ***Currency Risk***

A client's account may be invested in securities and other investments that are denominated in currencies other than U.S. Dollars. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates. Whilst in certain cases we seek to hedge the foreign currency exposure in favor of the client's selected reference currency, such hedging strategies may not necessarily be available or effective and may not always be employed. Client Accounts generally are routinely subject to foreign exchange risks and bear a potential risk of loss arising from fluctuations in value between the U.S. Dollar and such other currencies.

#### ***Risks Related to Non-US Investments***

Investments in non-U.S. securities expose the client's portfolio to risks that in addition to those risks associated with investments in U.S. securities. Such risks include, among other things, trade balances and imbalances, economic policies of various foreign governments, exchange control regulations, withholding taxes, potential for nationalization of assets or industries, and the and the political instability of foreign nations.



### ***Risks 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 obviously correlates to the fundamentals of each particular security. Prices of equity investments may fall or fail regardless of movements in securities markets.

### ***Risks Related to Fixed Income Investments***

Investments in fixed income securities (*i.e.* bonds) involve numerous risks such as credit, interest rate, reinvestment, and prepayment risk, all of which affect the value of the security and volatility of such value. In general, fixed income securities with longer maturities are more sensitive to price changes. Additionally, the prices of below investment grade securities fluctuate more than investment grade issues. Prices are especially sensitive to developments affecting the company's business and to changes in the ratings assigned by rating agencies. Prices are often closely linked with the company's stock prices. High yield securities can experience sudden and sharp price swings due to changes in economic conditions, stock market activity, large sales by major investors, default or other factors. Developments in the credit market may have a substantial impact on the companies we may invest in and will affect the success of such investments. In the event of a default, the investment may suffer a partial or total loss.

### ***Risk Related to Investments in Funds***

For purposes of this discussion, the term "Fund" includes, but is not limited to, a U.S. or non-U.S. unit investment trusts, open-end and closed-end mutual funds, hedge funds, private equity funds, venture capital funds, real estate investment trusts, exchange traded funds ("ETFs") and any other private alternative or investment fund. Investments in Funds carry risks associated with the particular Fund. Each Fund and the respective manager will charge their own management and other fees, which will result in a client bearing an additional level of fees and expenses. U.S. mutual funds generally must distribute all gains to investors, including investors who may not have an economic gain from investing in the fund, which can lead to negative tax effects on investors. Investments in certain non-U.S. funds by U.S. Persons result in U.S. tax and reporting obligations and failing to comply with such requirements can result in significant penalties. Funds generally have unique risks of loss as described in their offering documents. Funds can make use of leverage to enhance returns, which raise the risk of default, interest rate risk, and increase volatility. Certain Funds invest in derivatives, which can raise specific counterparty risks. Funds that are not traded can have illiquidity and valuation risks resulting in the inability to redeem or sell the Fund on demand. See the discussion below to risks in structured products and derivatives for more information on the risks in investing in Funds.

### ***Risks Related to Structured Products & Derivatives***

BWA may invest in structured products or derivatives or invest in Funds that hold investments in structured products or derivatives. In addition to the risks that apply to all investments in securities, investing and engaging in derivative instruments and transactions may involve different types of risk and possibly greater levels of risk. These risks include, but are not limited to the following:

**Leverage:** Certain investment instruments such as derivatives may use leverage to achieve returns. The use of leverage may have the effect of disproportionately increasing an account's exposure to the market for the securities or other assets underlying the derivative position and the sensitivity of an account's portfolio to changes in market prices for those assets. Leverage



will tend to magnify both the positive impact of successful investment decisions and the negative impact of unsuccessful investment decisions by BWA on an account's performance.

*Counterparty Credit Risk:* When a derivative or certain other instruments are purchased, a client's account will be subject to the ability and willingness of the other party to the contract (a "counterparty") to perform its obligations under the contract. Although exchange-traded futures and options contracts are generally backed by a guarantee from a clearing corporation, an account could lose the benefit of a contract in the unlikely event that the clearing corporation becomes insolvent. A counterparty's obligations under a forward contract, over-the-counter option, swap or other over-the-counter derivative contract are not so guaranteed. If the counterparty to an over-the-counter contract fails to perform its obligations, an account may lose the benefit of the contract and may have difficulty reclaiming any collateral that an account may have deposited with the counterparty.

*Lack of Correlation:* The market value of a derivative position may correlate imperfectly with the market price of the asset underlying the derivative position. To the extent that a derivative position is being used to hedge against changes in the value of assets in an account, a lack of price correlation between the derivative position and the hedged asset may result in an account's assets being incompletely hedged or not completely offsetting price changes in the derivative position.

*Illiquidity:* Over-the-counter derivative contracts are usually subject to restrictions on transfer, and there is generally no liquid market for these contracts. Although it is often possible to negotiate the termination of an over-the-counter contract or enter into an offsetting contract, a Counterparty may be unable or unwilling to terminate a contract with an account, especially during times of market instability or disruption. The markets for many exchange traded futures, options and other instruments are quite liquid during normal market conditions, but this liquidity may disappear during times of market instability or disruption.

*Less Accurate Valuation:* The absence of a liquid market for over-the-counter derivatives increases the likelihood that BWA will not be able to correctly value these interests. Certain fund (i.e., exchange traded funds) or other investment products may make use of derivatives or leverage that carry these same risks.

## **Item 9 – Disciplinary Information**

BWA and its directors, officers and employees have not been involved in any legal or disciplinary events that would be material to a client's evaluation of the company or its personnel.

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

BWA's direct owner, BAM, is a Swiss based manager of collective investment schemes which is supervised by the respective financial authority FINMA. The funds managed by BAM are not subject to the Investment Company Act of 1940 and are not offered to U.S. residents. BWA does not offer the funds managed by BAM to its clients for subscription.

BWA shares some personnel with BAM on the basis on split employment agreements and physical space in terms of reception and conference rooms. Workstations and archive are located in separately lockable rooms. BWA may outsource to BAM various services such as IT services and support, compliance services, back-office and mid-office functions, human resources and accounting services. Further, BWA and BAM may regularly hold joint investment committee meetings to discuss general macro-economic developments and general strategic and tactical allocations. In addition to it, BWA makes independent decisions on asset allocations for its U.S. clients and conducts its own portfolio reviews.



BWA is affiliated with VP Bank Ltd., a systemically relevant custodian in the Principality of Liechtenstein. Dr. Florian Marxer, Chairman of BAM, is also Member of the Board of VP Bank Ltd. Further, he is Chairman of the Foundation Board of the Marxer Foundation of Bank and Enterprise Values which, indirectly, is the main shareholder of BAM and an anchor shareholder of the VP Bank Ltd. VP Bank Ltd. won't serve as custodian for clients of BWA to avoid potential conflicts of interests and to guarantee that BWA is acting operationally independent from VP Bank Ltd. pursuant to Advisers Act rule 206(4)-2(d)(5).

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

### **Code of Ethics and Personal Trading**

BWA treats all clients equitably and has a duty to act in its clients' best interests. Except as otherwise described in this Brochure, the interests of clients will be placed above BWA's interests in case of any conflict. BWA has adopted a Code of Ethics (the "*Code*") that maintains a written policy covering General Principles of Professional Conduct. Covered in this policy are procedures governing personal securities transactions by BWA and its personnel. The Code also provides guidance and instruction to BWA and its personnel on their ethical obligations in fulfilling its duties of loyalty, fairness and good faith towards the clients.

The overriding principle of BWA's Code of Ethics is that all employees of BWA owe a fiduciary duty to clients for whom BWA acts as investment adviser. Accordingly, employees of BWA are responsible for conducting personal trading activities in a manner that does not interfere with a client's portfolio transactions or take improper advantage of a relationship with any client.

The Code contains provisions designed to try to: (i) prevent, among other things, improper trading by BWA's employees, (ii) identify conflicts of interest, and (iii) provide a means to resolve any actual or potential conflicts of interest in favor of the clients. The Code attempts to accomplish these objectives by, among other things: (i) restricting trading in certain securities that may cause a conflict of interest, as well as (ii) periodic reporting regarding transactions and holdings of employees.

The Code contains sections including, but not limited to, the following key areas: (i) restrictions on personal investing activities, (ii) gifts and business entertainment, and (iii) outside business activities.

The Code also provides for BWA's execution of supervisory policies and procedures, and the review and enforcement processes of such policies and procedures. BWA has designated a Chief Compliance Officer responsible for maintaining, reviewing and enforcing BWA's Code of Ethics and corresponding policies and procedures.

The fundamental position of BWA is that, in effecting personal securities transactions, personnel of BWA must place at all times the interests of clients ahead of their own pecuniary interests. All personal securities transactions by these persons must be conducted in accordance with the Code of Ethics and in a manner to avoid any actual or potential conflict of interest or any abuse of any person's position of trust and responsibility. Further, these persons should not take inappropriate advantage of their positions with or on behalf of a client.

If a person subject to the Code of Ethics fails to comply with the Code, such person may be subject to sanctions, which may include warnings, disgorgement of profits, restrictions on future personal trading, and, in the most severe cases, the possibility of dismissal.

BWA will provide a copy of its Code of Ethics to any client or prospective client upon request.



## **Participation or Interest in Client Transactions**

Although BWA does not hold proprietary positions, BWA's personal trading policy allows employees to own, buy, or sell for themselves the same securities that they or BWA have recommended to clients. Thus, from time to time, a client account may purchase or hold a security in which an employee or other related person of BWA own financial interest or an ownership position, or an employee or other related person may purchase a security that is held in a client account.

Also from time to time, BWA employees may invest alongside BWA's clients, both to align the interest of BWA and personnel with BWA's clients and as an expression of confidence in our portfolio management efforts. In order to ensure that BWA personnel never trade ahead of their clients, BWA requires all trading in specific positions for officer and employee accounts to come after the analogous trades are executed for client accounts. The Chief Compliance Officer monitors employee trading, relative to client trading, to ensure that employees do not engage in improper transactions.

## **Item 12 – Brokerage Practices**

Most of BWA's clients have existing accounts or open new accounts at custodial banks in Switzerland and Liechtenstein. Each client may select the custodian for his or her account. Where requested by the client, BWA provides assistance in selecting the custodian. However, the choice of a custodian is entirely the client's. BWA does not select custodians on a client's behalf. All custodians are "qualified custodians" within the meaning of Rule 206(4)-2 under the Investment Advisers Act.

Each custodian has its own policies and procedures relating to brokerage. In cases where the custodian requires BWA to route securities orders through the trading desk of the custodian or a broker dealer specified by the custodian, BWA will not have discretion in selecting the broker-dealer and the client should be aware of the risks associated with such arrangement.

In the event that a client account is not held at a Swiss or Liechtenstein custodian BWA will be responsible for selecting brokers to execute client transactions. Generally, in determining which broker or dealer to use, BWA has a duty to obtain "best execution," which the SEC generally describes as a duty to execute securities transactions so that a client's total costs or proceeds in each transaction are the most favorable under the circumstances. This duty generally begins with a requirement that BWA obtain the best price available for the securities in each transaction. However, in order to perform in compliance with the Policy, the trading team must aim towards the best possible result in regards to all trades, not only considering the purchase or sale price, but moreover, transaction costs, speed, likelihood of execution, size, settlement and other variables that may be relevant and could result in benefit or cost to the clients. BWA may give consideration to certain of these factors more than others in choosing brokers depending on the particular investment at issue.

### **Brokers selected by the Custodians**

Brokerage for transactions involving assets held at Swiss and Liechtenstein custodians generally must be made through the broker-dealer specified by the custodian and, therefore, BWA will have no ability to select the broker-dealer. In most cases, Swiss and Liechtenstein custodians act as a broker-dealer and/or maintain relationships with designated broker-dealers (including potentially an affiliate of the custodian). If required by the custodian, BWA routes security transactions through the custodian or the broker-dealer designated by the custodian selected by the client. In such cases, BWA cannot guarantee that the client will receive best execution or the best commissions because BWA does not control these factors. However, BWA will take the





custodian's ability to obtain best execution into consideration when compiling its list of preferred custodians and in providing assistance to clients when requested.

BWA undertakes an annual review of its list of preferred custodians, which are selected with the clients' best interests in mind. This review includes the custodian's custody fees, brokerage practices, execution guarantees, ability to provide timely duplicate client trade confirmations and bundled duplicate statements, access to a trading desk, ability to directly deduct asset management service fees from client accounts, access to electronic communications networks for client order entry and account information, compliance procedures, access to mutual funds that generally require significantly higher minimum initial investments or that are generally only available to institutional investors, and competitive fee schedules.

While no single criterion will validate or invalidate a qualified custodian from maintaining its position on BWA's list of preferred custodians, all criteria as a whole are considered in determining whether a qualified custodian is on this preferred list.

Clients should be aware of the factors outlined below under the heading Directed Brokerage as these factors also apply with respect to assets maintained at Swiss and Liechtenstein banks. Clients also should be aware of the potential that the broker-dealer used for transactions may not be a registered broker-dealer with the SEC under the Exchange Act.

### **Directed Brokerage**

Generally, all custodians require use of their broker-dealers, and as a result, BWA treats such arrangements as client directed brokerage because the client selects the custodian bank.

Clients also should be aware of the following disadvantages associated with BWA not having the ability to select the broker-dealer:

- BWA will not be able to negotiate commission rates with the designated broker-dealer because we will not have the negotiating leverage that results from the ability to trade away from a designated broker.
- Directed brokerage may cost clients more money.
- Directed brokerage clients may pay higher commission rates than those paid by other clients, may receive less favorable trade executions and may not obtain best execution on their transactions. Directed brokerage accounts will not be able to participate in aggregated or block transactions with other clients. This will preclude directed brokerage accounts from obtaining the volume discounts or more favorable terms that might be available from aggregated transactions.

### **Block Trades**

BWA generally will combine purchase orders into block trades when purchasing the same security for multiple client accounts. In an effort to treat all clients equally, such aggregated orders ("block trades") will be pre-allocated among the participating client accounts before the trade is placed and executed. Where a block trade is not completely filled, the account allocation cannot be seamlessly guaranteed. Partial fills of transactions will be allocated on a pro rata share basis. When selecting the participating accounts a variety of factors such as suitability, investment objectives and strategy, risk tolerance and/or the ability to invest additional funds will be taken into consideration. In determining the portion for each participating account further factors such as account's size, diversification, asset allocation and position weightings as well as any other appropriate factors might be of relevance. Participating accounts in a block trade placed with the same custodian generally will receive the same average price. Transaction costs will be shared on a proportionate basis and as determined in the agreement with the custodian. This can either be a sharing on a pro rata basis or based on a degression model, in which costs de-



crease in relation to the purchased quantity and include the application of a minimum rate, when shared costs are below a defined amount.

Because BWA's clients maintain accounts at different custodians and because many of these custodians require the use of a specific broker (see description above), BWA may place more than one block trade for the same security with more than one custodian. Since different custodian will not in every case have the same execution prices, equal price allocations cannot be guaranteed. BWA transmits such block trades to more than one custodian in a random pattern (*i.e.*, BWA does not favor one custodian over another with respect to the order in which block trade orders are sent). The average price realized on a securities order placed with different custodians will vary from custodian to custodian, and clients generally will receive different average prices and transaction costs for the same security order depending upon the custodian and the respective broker used in the block trade. Also note, since most Swiss and Liechtenstein custodians warehouse securities orders remain open until filled, there may be delays in settlement among client accounts depending on the practice of the respective custodian, however, warehousing partial executions does not affect the average transaction cost.

### **Decision Making Process; Balancing the Interests of Multiple Client Accounts**

In making the decision as to which securities are to be purchased or sold and the amounts thereof, BWA is guided by the general guidelines set up at the inception of the client relationship in cooperation with the client and a periodic review of the asset allocation. These general guidelines cover such matters as the relative proportion of debt and equity securities to be held in the portfolio, the degree of risk that the client wishes to assume and the types and amounts of securities to be held in the portfolio. BWA's authority may be further limited by specific instructions from the client, which may restrict or prohibit transactions in certain securities.

BWA may manage numerous accounts with similar or identical investment objectives or may manage accounts with different objectives that may trade in the same securities. Despite such similarities, portfolio decisions relating to client investments and the performance resulting from such decisions may differ from client to client. BWA will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible clients, particularly if different clients have selected different investment profiles, have materially different amounts of capital under management with BWA or different amounts of investable cash available. In certain instances such as purchases of less liquid publicly traded securities or oversubscribed public offerings, it may not be possible or feasible to allocate a transaction pro rata to all eligible clients, especially if clients have materially different sized portfolios. Therefore, not all clients will necessarily participate in the same investment opportunities or participate on the same basis.

### **Use of Soft Dollars**

BWA may maintain soft dollar arrangements, and to the extent it does it will only do so in accordance with the conditions of the safe harbor provided by Section 28(e) of the Exchange Act. Section 28(e) is a "safe harbor" that permits an investment manager to use brokerage commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process.

Research services within Section 28(e) may include, but are not limited to, research reports (including market research), certain financial newsletters and trade journals, software providing analysis of securities portfolios, corporate governance research and rating services, attendance at certain seminars and conferences, discussions with research analysts, meetings with corporate executives, consultants' advice on portfolio strategy, data services (including services providing market data, company financial data, certain valuation and pricing data and economic data), and advice from brokers on order execution.



Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (*i.e.*, connectivity services between an investment adviser and a broker-dealer and other relevant parties such as custodians), trading software operated by a broker-dealer to route orders, software that provides trade analytics and trading strategies, software used to transmit orders, clearance and settlement in connection with a trade, electronic communication of allocation instructions, routing settlement instructions, post trade matching of trade information, and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

Currently BWA has not entered in any soft dollar arrangement with any broker and does not generally expect to do so as it is expected that all client accounts will be held at Swiss and Liechtenstein banks and BWA will have no authority to select brokers for such accounts.

### **Trade Errors**

Although BWA's goal is to execute trades seamlessly in the manner intended by the client and consistent with its investment decisions, BWA recognizes that errors can occur for a variety of reasons. BWA policy in dealing with such errors is to:

- Identify any errors in a timely manner.
- Correct all errors so that any affected account is placed in the same position it would have been in had the error not occurred.
- Incur all costs associated with correcting an error (or to pass the costs on to the broker, depending on which party is at fault). Costs from corrective actions are not to be passed on to a client.
- Evaluate how the error occurred and assess if any changes in any processes are warranted or if any continuing education is required.

The consequences and the required corrective measures may be different depending upon the nature of the error or the account affected.

### **Item 13 – Review of Accounts**

**Discretionary accounts:** All discretionary accounts are reviewed at least quarterly in an effort to ensure that they remain aligned with the client's investment plan and are positioned appropriately given current market conditions as part of BWA's general investment process.

**Non-discretionary accounts:** Non-discretionary accounts are reviewed periodically to make sure investments are consistent with client's risk profile and objectives.

**Annual review:** The relationship managers are responsible for the periodic review (at least annually) of client accounts. The annual review covers all key aspects of the client relationship, including, among other things, any changes in the client's personal and financial situation, risk profile and the suitability of the chosen investment program.

Clients are provided with written performance and custodial reports from the custodian quarterly. These reports include a listing of all valuations, and a listing of all transactions occurring during the period along with information concerning the allocation of the assets in the client account among various asset classes and the investment performance of the client account during the quarter.





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

BWA does not receive third-party compensation related to client investments. BWA's policy is not to accept compensation from third parties relating to the investment advice it gives to its clients. To the extent BWA receives a referral fee for an investment it recommends, it will reduce the fees owed by the respective client to BWA or will credit the respective client's account for the applicable amount. For these purposes, referral fees include marketing fees, discounts, finder's fees, service fees, including shareholder service fees, 12b-1 fees or bonus commissions paid by mutual funds, privately offered funds, insurance products, variable annuities or other investment products paid to BWA for recommending an investment, for investing client funds in such product or for marketing assistance or the performance of certain administrative tasks associated with making an investment.

BWA may pay fees for client referrals. Such arrangements comply with the conditions and requirements of Rule 206(4)-3 under the Advisers Act.

BWA's employees or associated persons may be invited to attend seminars and meetings with the costs associated with such meetings borne by a sponsoring brokerage firm or other party extending the invitation.

#### **Item 15 – Custody**

BWA only provides investment advisory services for clients with accounts maintained at qualified custodians as that term is defined in the Advisers Act. Each client maintains a separate account at the custodian. The client establishes his or her account directly with the custodian, and therefore, the client is aware of the qualified custodian's name, address and the manner in which investments are maintained. Account statements are prepared by the custodian and delivered directly to the client or the client's representative at least quarterly. Generally, these statements include a listing of all valuations and all transactions occurring during the period, including the amount of any fee paid to BWA. Clients should carefully review these statements and when they have questions contact either BWA or the custodian. The custodian also provides the client with all required year-end tax information.

BWA is deemed to have limited custody by reason of BWA having the authority to deduct its fees directly from a client's account.

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

BWA has investment discretion over all clients' accounts. Clients grant BWA trading discretion through the execution of a limited power of attorney provided by the custodian and under such powers granted under the investment management agreement. However, each client has the opportunity to communicate any form of limitation in writing. In the context of a discretionary mandate, BWA makes investment decisions without consulting the client by utilizing its limited power of attorney for the management of the account maintained at the custodian selected by the client. Clients may place reasonable restrictions on BWA's investment discretion. For example, clients can ask BWA not to buy securities issued by companies in certain industries, or not to sell certain securities where the client has a particularly low tax basis. In the context of a non-discretionary mandate, BWA's investment discretion is limited to an advisory role and BWA does not implement investment decisions without the approval of the client. BWA never has discretionary authority to select a qualified custodian for a client's account.



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

### **Proxy Voting**

BWA generally does not have the authority to vote client proxies. Clients arrange directly with their custodian to vote proxies for securities or where proxy or other solicitation materials have to be sent to. If BWA inadvertently receives any proxy materials on behalf of a client, BWA will promptly forward such materials to the client.

BWA will exercise investment authority for certain corporate actions (such as, but not limited to tenders, rights offerings, splits etc.) in connection with discretionary accounts. For non-discretionary clients, corporate actions are discussed with them prior to the event taking place.

Clients who have questions about proxies may contact BWA for further information.

### **Class Actions**

BWA does not direct client participation in class action lawsuits. BWA will determine whether to return any documentation inadvertently received regarding clients' participation in class actions to the sender, or to forward such information to the appropriate clients.

BWA will not advise or act on behalf of clients in any legal proceeding, including bankruptcies or securities shareholder class action litigation involving securities held or previously held in client accounts. Accordingly, BWA is not responsible for responding to, or forwarding to clients, any class action settlement offers relating to securities currently or previously held in the client account.

## **Item 18 – Financial Information**

BWA has not been the subject of a bankruptcy petition at any time. As of the date of this Brochure we do not believe it is reasonably likely that any future liability will impact our ability to meet our contractual commitments to our clients.