

# **DISCLOSURE BROCHURE**

**deVere USA, Inc.**  
A Registered Investment Adviser

January 9, 2019

This disclosure brochure (“brochure”) provides information about the qualifications and business practices of deVere USA, Inc. (hereinafter “deVere USA” or the “Firm”). If you have any questions about the content of this brochure, please contact the Firm’s Chief Compliance Officer at: [steve.philp@devere-usa.com](mailto:steve.philp@devere-usa.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 deVere USA is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). deVere USA is an SEC registered investment adviser. Such registration does not imply any level of skill or training. deVere USA’s principal office is located at 115 Broadway, 5<sup>th</sup> Floor, New York, NY 10006, with a branch office located at 800 Town & Country Boulevard, Suite 3049, Houston, Texas 7024.

## **Item 2. Material Changes**

This item discusses only the material changes that have occurred since deVere USA's last update of this brochure, dated July 3, 2018. The material changes in this brochure are listed below:

**Item 4. Advisory Business** – has been revised to include additional information on the Firm's advisory business.

**Item 5. Fees and Compensation** – has been revised to include updated information on the fees.

**Item 7. Types of Clients** – has been updated to include revised information on the fees charged when opening a SIPP account.

**Item 8. Methods of Analysis, Investment Strategies and Risk of Loss** – has been updated to include additional information.

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#### **Item 4. Advisory Business**

deVere USA, Inc. (referred to as the “Firm” or “deVere USA”) is a registered investment adviser with the U.S. Securities and Exchange Commission (“SEC”). The Company’s advisory clients consist primarily of United Kingdom (“U.K.”) expatriates residing in the United States (“U.S.”) who have pension assets located overseas (“Clients”).

deVere USA provides customized, non-discretionary investment advisory services to Clients based upon such factors as their age, income, education, need for cash flow, investment goals, and tolerance for risk. The Firm collects this information during client meetings, interviews, and by the completion of a “fact find” assessing Client’s personal financial circumstances. deVere USA Investment Adviser Representatives (“IARs”) analyze Client’s financial situation and formulate, in the best interest of the Client, an investment strategy using a combination of investments appropriately tailored for the Client.

Prior to engaging deVere USA to provide investment advisory services, each Client is required to enter into one or more written agreements with the Firm setting forth the terms and conditions under which deVere USA renders such services (collectively, the “Agreement”).

deVere USA has been actively operational in the U.S. since September 2012. The Firm is wholly owned by deVere Recruitment Limited, a U.K. company, which is wholly owned by Hannah Louise Hughes.

This disclosure brochure (“brochure”) describes the business of deVere USA. Certain sections also describe the activities of supervised persons of deVere USA, including its officers, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on the Firm’s behalf and who is subject to deVere USA’s supervision or control.

#### **Description of Investment Advisory Services**

Clients engage the Firm to manage all or a portion of their assets on a non-discretionary basis only. The Firm does not act on a discretionary basis for Clients.

The Firm’s investment advisory services primarily focus on the use of international pension schemes, described below, and the allocation of Client assets among mutual funds, exchange- traded funds (“ETFs”), individual debt and equity securities, Undertakings for Collective Investment in Transferable Securities (“UCITS”), and currency, consistent with the investment objectives of each Client.

In addition to the Firm’s focus on international pension schemes, the Firm’s investment advisory services include the management of Client assets custodied in the U.S. These services include the allocation of Client assets among mutual funds, ETFs, and individual debt and equity securities, consistent with the investment objectives of each Client.

The Firm tailors its investment advisory services to the individual needs of Clients. The Firm consults with Clients initially and on an ongoing basis to evaluate Clients' financial situations and recent developments that may impact Clients' investment goals. The Firm seeks investments that it believes are in the best interests of Clients. Clients are advised to promptly notify the Firm if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon the Firm's investment advisory services.

## **Use of International Pension Schemes**

The Firm's business model focuses on advising Clients with respect to their U.K.-based pension plans and the investments held within those plans.

### **A. Qualifying Recognised Overseas Pension Scheme ("QROPS")**

In 2017, the U.K. Chancellor of the Exchequer announced that pension transfers requested on or after March 9, 2017 to certain QROPS, a type of international pension scheme, could be subject to an overseas tax charge of 25% on the value of the pension transfer. In light of the recent announcement of the imposition of a 25% tax charge on certain QROPS, the Firm has determined, at this juncture, to cease accepting any new advisory business from persons residing in the United States who seek to transfer their U.K. pension assets to a QROPS. Additional investments cannot be added to existing QROPS arrangements. The Firm currently intends to continue to service existing Clients who have QROPS arrangements.

### **B. Self-Invested Personal Pension ("SIPP")**

If in the best interests of the Client, deVere USA IARs may recommend that Clients transfer their U.K. pension assets to a SIPP, which is a type of personal pension plan offered by third party providers. A SIPP, subject to any applicable restrictions, allows Clients to invest in a range of assets. The value of retirement benefits is determined by, among other things, (i) the amount of contributions made, (ii) the period that each contribution has been invested, and (iii) investment performance over the period.

### **C. General**

deVere USA does not maintain pension assets. All pension assets are administered by an overseas third party pension trustee (regulated by the relevant financial services regulator where the pension plan is held) and subject to the terms and conditions of a separate agreement between Client and the pension trustee. The QROPS pension trustees with which Clients currently have agreements include STM Malta Trust and Company Management Limited ("STM Malta"), Trireme Pension Services, and Harbour Pension Limited, each an overseas financial services company. The pension trustees for the SIPPs that the Firm recommends currently include London and Colonial Services Limited

(“L&C”) and The Pension Solutions Group SIPP Limited (“PSG”). L&C and PSG are each companies authorized and regulated by the U.K. Financial Conduct Authority (“FCA”). L&C is wholly-owned by STM Group Plc, which also owns STM Malta. Other QROPS and SIPP providers may be available through other investment advisers under different arrangements, including but not limited to applicable fees and charges, and residency requirements.

Clients are strongly encouraged to review their agreements with their pension trustees and any and all other disclosure materials provided by the pension trustees or other parties for a full understanding of the services provided by the pension trustees and any associated costs therein. The pension trustees generally send account statements on at least an annual basis directly to Clients. The pension trustees also make account information available online to Clients through the investment platforms utilized in connection with QROPS and SIPP arrangements. Clients are encouraged to review such material carefully for more information about the services offered by the pension trustees, the costs associated with the management of such pension plans, and the activity in their accounts.

Questions regarding deVere USA’s services and fees may be addressed directly with Firm personnel. deVere USA does not provide any tax advice including, without limitation, in relation to any U.S. tax reporting requirements and/or other tax implications arising in relation to Clients’ pension transfers.

Although, from time to time, the Firm may inform Clients of tax developments, the Firm recommends that Clients seek their own tax advice, including advice on procedures under tax treaties between the U.S. and the U.K. (or other applicable jurisdiction) for the avoidance of double taxation on their respective pension arrangements.

### **Non-International Pension Advisory Services**

In managing a Client’s non-international pension assets, deVere USA does not follow a specific investment strategy but rather utilizes strategies driven by and tailored to each Client’s needs and specific circumstances. In developing investment recommendations, the Firm’s IARs principally will employ an analysis of a Client’s financial and other information regarding such matters as the Client’s age, investment objectives, annual income, assets and debts, tax status, investment experience, liquidity needs, risk tolerance, and employment/retirement status. For some Clients, the Firm’s IARs may determine to seek more information in order to formulate a comprehensive financial plan. The Firm’s IARs generally do not provide tax advice regarding Client non-international pension assets. See Item 8 below for more information regarding the types of securities used in these Client portfolios and related supervision.

### **Financial Planning**

deVere USA utilizes a number of technologies to assist with the process of financial planning for its clients. The intent of the financial planning service is to help clients

understand how their income, savings and investment decisions today will impact their families, their lifestyle choices and their ability to retire comfortably. In addition to looking at the client's current financial picture, deVere USA takes into consideration the current risk tolerance of the Client as well as how that risk tolerance will evolve as they move from wealth generation to wealth preservation and ultimately future consumption.

### **Assets Under Management**

As of December 2018, deVere USA had \$427,004,000 (rounded to nearest dollar) of assets under management on a non-discretionary basis. The Firm does not manage assets under management on a discretionary basis.

### **Sponsor / Manager of Wrap Program**

deVere USA does not sponsor or participate in wrap fee programs.

### **Item 5. Fees and Compensation**

deVere USA charges investment advisory fees ("advisory fees") at the annual rates shown below, which are expressed as a percentage of Client assets under management. **Each fee category is separate.**

<b>Client Assets Under Management</b>	<b>Fee for SIPP</b>	<b>Fee for QROPS existing clients only</b>
Up to £500,000	1.25%	1%
£500,001 - £1,000,000	1.25%	1%
£1,000,001 - £5,000,000	1.00 %	1%
Above £5,000,000	Negotiable	1%
Billing Cycles	Billed monthly in arrears	Billed quarterly in arrears

Negotiable	Generally only negotiable over £5,000,000 subject to management's approval	No longer applicable
Payments	Directly debited from the account	Directly debited from the account
Minimum Account Size	£110,000 if transferring from a defined contribution plan  £200,000 if transferring from a defined benefit plan	Pre-March 8, 2017 £100,000

<b>Client Assets Under Management</b>	<b>Fee for Debt and Equities, ETFs, and Mutual Funds, etc.</b>
Up to \$500,000	1.5%
\$500,001 - \$1,000,000	1.25%
\$1,000,001 - \$5,000,000	1.00%
Above \$5,000,000	Negotiable
Billing Cycles	Billed monthly and/or quarterly in arrears
Negotiable	Generally only negotiable over \$5,000,000 subject to management's approval

Assets under management are valued by third parties unaffiliated with deVere USA. deVere USA's advisory fees are exclusive of, and in addition to, brokerage commissions,

transaction fees, and other related costs and expenses that are incurred by Client.

Generally, the advisory fee is non-negotiable for accounts less than \$5 million, although deVere USA, in its sole discretion, may agree to charge a lesser advisory fee based upon certain criteria (such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention, pro bono activities, etc.).

Advisory fees are computed based on the value of assets held in Client's account as of the end of a given month or quarter, as the case may be. If assets are deposited into Client's account after the inception of a billing period, the advisory fee payable with respect to such assets will be adjusted pro rata to reflect the period for which those assets were managed by the Firm. In determining the value of the assets held in Client's account, the Firm will rely exclusively on the custodian of the assets to determine such values. If the custodian is unable to provide such valuations, the Firm will obtain and rely on valuations provided by an independent party that the Firm, in its sole discretion, selects and believes is reliable.

**Cash Positions.** At any specific point in time, depending upon perceived or anticipated market conditions or events (there being no guarantee that such anticipated market conditions or events will occur), the Firm may recommend holding a position in cash for defensive purposes, with Client's consent. All cash positions (money markets, etc.) may be included as part of assets under management for purposes of calculating the Firm's advisory fee.

**Margin.** To the extent that Client authorizes the use of margin, and margin is thereafter employed by the Firm in the management of Client's account, the market value of Client's account and corresponding fee payable by Client to deVere USA may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, Clients authorizing margin are advised of the conflict of interest whereby Client's decision to employ margin may correspondingly increase the advisory fee payable to the Firm. The decision as to whether to employ margin is left to the discretion of Client.

**Additional Compensation.** (i) QROPS: Historically, deVere USA IARs were eligible to receive discretionary quarterly bonuses based on the amount of new QROPS advisory assets under management for the preceding quarter, provided they met certain key performance indicators ("KPIs"). KPIs took into account such factors as client retention, customer service, professional training, the number of meetings with prospective clients, and the number of new client relationships established. On pension assets transferred to a QROPS, deVere Group Limited ("DVG"), an affiliated company of deVere USA, received a fee equal to 7% of the amount of U.K. pension assets transferred to a QROPS ("Fee"), which utilizes long-term business contracts of insurance written by life insurance companies described under "Brokerage Practices" below ("Life Companies"). The Life Companies paid the Fee. No part of the Fee was deducted from the contributions paid into the QROPS by any Client and, as a result, 100% of such contributions were available for

investment. DVG paid 15% of the Fee directly to deVere USA to fund its administrative and operational expenses. Additionally, DVG paid 50% of the Fee directly to deVere USA, which could use that part of the Fee to fund certain discretionary quarterly bonuses paid to deVere USA IARs. A conflict of interest is deemed to arise under these circumstances. The Firm no longer pays the foregoing discretionary quarterly bonuses nor receives any part of any Fee with respect to any new QROPS advisory business.

(ii) SIPP: deVere USA charges an upfront flat fee to facilitate the opening of a SIPP account (“flat fee” or “SIPP Fee”), as follows:

<b>Amount Transferred to a SIPP</b>	<b>Upfront Flat Fee</b>	<b>Type of Transferring Plan</b>
£110,000 or more	£5,000	Defined Contribution Only
£200,000 -- £749,999	£10,000	Some or all from Defined Benefit
£750,000 or more	£15,000	Some or all from Defined Benefit

The flat fee is deducted directly from the value of the assets transferred, unless paid by the Client separately and directly to the SIPP Trustee. The flat fee covers, among other things: the Firm working with the U.K. pension company to obtain the U.K. pension plan valuation; deVere USA IAR meetings with Client to discuss potential pension transfer options; deVere USA working with the U.K. regulated adviser where necessary; and, if in the best interests of the Client, deVere USA IAR assisting Client on the final steps to transfer the pension to the SIPP. The Firm pays half of the SIPP Fee to its IARs as compensation. A conflict of interest is deemed to arise under these circumstances insofar as IARs can be viewed as receiving an economic incentive to recommend a SIPP. To address this conflict, SIPP recommendations are subject to the Firm’s supervisory review and sign-off process. In addition, UK pension transfers with safeguarded benefits in excess of £30,000 are subject to review by a UK regulated adviser, unaffiliated with the Firm, which will analyze whether the proposed UK pension transfer to the SIPP is in the best interests of the Client. The Firm will retain the remainder of the SIPP Fee for its operational expenses and other purposes, including, among other things, paying its corporate affiliates for any services that they may provide to the Firm.

(iii) UK Suitability Report Fee (“Report Fee”) for UK Pension Transfers with Safeguarded Benefits in excess of £30,000. The Report Fee is usually set at £1,250, but may vary depending on the Report Fee charged by the specific UK regulated adviser and the number of UK pension assets to be analyzed by the UK regulated adviser for the proposed transfer to the SIPP. deVere USA does not set, nor does it share in, any portion of the Report Fee.

When the UK Suitability Report (“UK Report”) is requested, the Report Fee is paid upfront to the UK regulated adviser by the SIPP Trustee. Following the completion of the UK Report, if Client decides to proceed with the pension transfer, Client in writing authorizes the SIPP Trustee to deduct the Report Fee directly from the pension asset once the transfer to the SIPP has been completed. In the event that Client does not proceed with the transfer to the SIPP, the Report Fee is expensed to the individual IAR by the SIPP Trustee, and the IAR bears the total cost of the Report.

### **Other Fees and Expenses Charged by Financial Institutions**

As further discussed in response to Item 12 (below), deVere USA generally recommends that Clients utilize the brokerage and clearing services of an independent broker-dealer for investment advisory accounts.

deVere USA may only implement its investment advisory recommendations after Client has arranged for and furnished deVere USA with all information and authorizations regarding accounts with the appropriate financial institutions. Financial institutions include, but are not limited to, any broker-dealers recommended by deVere USA, broker-dealers directed by Client, trust companies (including overseas third-party pension trustees for QROPS or SIPP accounts), banks, etc. (collectively referred to herein as the “Financial Institutions”).

Clients may incur certain charges imposed by Financial Institutions and other third parties, custodial fees, and charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, Clients may incur brokerage commissions and transaction fees. Such charges, fees, and commissions are exclusive of and in addition to deVere USA’s fees.

The Agreement, and any separate agreement with Financial Institutions, may authorize deVere USA to debit Client’s account for the advisory fees payable to deVere USA, and to remit directly the advisory fees to deVere USA. Financial Institutions debit the advisory fees from Client accounts on a quarterly basis in arrears for QROPS accounts, on a monthly basis in arrears for SIPP accounts, and a quarterly or monthly basis for non-international pension retirement accounts. deVere USA understands that Clients have online access to their statements evidencing the debit of the advisory fees.

The Agreement will continue in effect until terminated by either party pursuant to the terms of the Agreement.

Clients may make additions to and withdrawals from their accounts at any time, subject to deVere USA’s right to terminate an account and any applicable restrictions based on the nature of the investments.

Additions to Client accounts may be in cash or securities, provided however, that deVere USA reserves the right to decline to accept particular securities into Client's account. Clients may withdraw account assets on notice to deVere USA, subject to the usual and customary securities settlement procedures. deVere USA, however, designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of Client's investment objectives. deVere USA may consult with Clients about the options and ramifications of transferring securities. However, Clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge), and/or tax ramifications.

#### **Item 6. Performance-Based Fees and Side-by-Side Management**

deVere USA does not provide any services for performance-based fees, which are fees based on a share of capital gains on, or capital appreciation of, the assets of Client.

#### **Item 7. Types of Clients**

deVere USA currently provides its services primarily to retail individuals.

#### **Minimum Account Size/SIPP Fee**

deVere USA does not impose a minimum portfolio size on advisory business, except that a SIPP generally is subject to a minimum of GBP 110,000 (for transfers from defined contribution plans) or GBP 200,000 (for transfers including defined benefit plans). For purposes of the SIPP minimum, spouses may aggregate their U.K. pension assets. For example, spouses that each have defined benefit plan assets may treat the total values as if they were one single client to reach the GBP 200,000 minimum threshold for a SIPP. In such instance, a single SIPP Fee of GBP 10,000 will apply and not two separate fees even though the spouses will have two separate SIPP accounts. deVere USA leaves the final decision to the spouses as to how to allocate the SIPP Fee between them; provided however, that in no case may the contribution from either spouse towards the SIPP Fee exceed 5% of the spouse's U.K. pension assets being transferred to the SIPP. Additionally, the Firm will waive a client's SIPP Fee on a transfer of U.K. assets to a SIPP account and will cap the advisory fee at 1% provided, however, that his or her spouse already maintains a QROPS account with the Firm. SIPP recommendations are subject to the Firm's supervisory review and sign-off process.

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

##### **Methods of Analysis**

deVere USA attempts to identify an appropriate asset allocation in mutual funds, ETFs, individual debt and equity securities, UCITS, and currency, suitable for Clients.

When advising on international pension assets, the Firm's IARs typically will select securities from the Firm's internal approved securities list maintained by the Firm's Investment Committee, though IARs may request approval of specific individual securities for addition to the list. The Firm's Investment Committee consists of the Firm's chief executive officer, chief compliance officer, and senior managers and currently meets at least quarterly.

When advising on non-international pension assets, the Firm's IARs will assist Clients in developing individual portfolios consisting of mutual funds, ETFs, and individual equity and debt securities that are available on custodial platforms offered by Charles Schwab, SEI, and Interactive Brokers. The Firm requires regular supervisory reviews of these Client portfolios to ensure, among other things, that sufficient and current Client information is on file to form the basis of advice provided, and that the portfolios are consistent with the investment objectives and risk profiles on file for these Clients.

### **Investment Strategies**

deVere USA does not follow a specific investment strategy but rather utilizes strategies driven by and tailored to each Client's need and specific circumstances. deVere USA IARs principally employ an analysis of Client's current financial situation and other information provided by Client, as discussed above, to determine an appropriate mix of investments for Client.

### **Risks of Loss**

Investments in securities involve risks of loss of principal. The value of securities may go up or down. Past performance is not indicative of future results. One risk of asset allocation is that Clients may not participate in sharp increases in a particular security, industry, or market sector. Another risk is that the ratio of equity securities, fixed income securities, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for Client's goals.

**Mutual Funds and Exchange Traded Funds ("ETFs")** – An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks arising from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains: mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's per share net asset value ("NAV"), plus any shareholder's fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund generally is calculated at the end of each business day.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. Certain inefficiencies, however, may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no market to dispose of such shares.

**UCITS** – UCITS are mutual funds based in the European Union. There are many types of UCITS investment funds, including, but not limited to: equity funds, money market funds, fund of funds, and asset allocation funds. An investment in UCITS involves risk, including the potential loss of the principal invested.

**Market Risks** – The profitability of a significant portion of deVere USA's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that deVere USA will be able to predict accurately those price movements.

**Legislative Risk** – Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment adviser or securities trading regulation, changes in U.K. government regulation, or changes in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities. deVere USA does not engage in financial or tax planning, and in certain circumstances Client may incur taxable income on her investments without a cash distribution to pay the tax due.

**Credit Risk** – deVere USA cannot control, and Clients are exposed to, the risk that Financial Institutions, financial intermediaries, trustees, or security issuers may experience adverse economic consequences that may include impaired credit ratings, default, bankruptcy, or insolvency, any of which may affect portfolio values or management. This risk applies to assets on deposit with any broker utilized by Client, notwithstanding asset segregation and insurance requirements that are beneficial to broker clients generally. In addition, exchange trading venues or trade settlement and clearing intermediaries could experience adverse events that may temporarily or permanently limit trading or adversely affect the value of Client securities. Finally, any issuer of securities may experience a credit event that could impair or erase the value of the issuer's securities held by Client.

**Margin** – deVere USA may recommend the use of margin, which can amplify Client's exposure to the market, and market loss may be greater in those Client accounts that engage in margin. For QROPS and SIPP accounts, margin is not recommended by deVere USA IARs.

**Inflation, Currency, and Interest Rate Risks** – Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value

of future dollars to be worthless and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. In addition, the relative value of the U.S. dollar-denominated assets primarily managed by deVere USA may be affected by the risk that currency devaluations affect Client's purchasing power.

**Cybersecurity Risk** – The Firm's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors, power outages, and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Firm has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time, or cease to function properly, deVere USA may have to make a significant investment to fix or replace such systems. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in deVere USA's operations and result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to Clients. Such a failure could harm the Firm's reputation or otherwise affect its business and financial performance.

**General Risk of Loss** – Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

## **Item 9. Disciplinary Information**

deVere USA is required to disclose the facts of any legal or disciplinary events that are material to Client's evaluation of its advisory business or the integrity of management.

In June 2018, deVere USA submitted, and the SEC accepted, an offer to settle an administrative proceeding relating to alleged disclosure and compliance violations concerning its historical QROPS business. Without admitting or denying the allegations, deVere USA consented to the SEC's entry of an administrative order ("Order"). According to the Order, the Firm failed to disclose agreements with overseas product and service providers that resulted in compensation being paid to deVere USA advisers and an overseas affiliate. The Order finds that the undisclosed compensation, including an amount equivalent to 7% of the pension transfer value, created an incentive for the Firm to recommend a pension transfer and particular product or service providers that were obligated to make payments. The Order also finds that the Firm made materially misleading statements concerning tax treatment and available investment options. Pursuant to the Order, the Firm was censured, ordered to cease and desist from violations of Sections 206(1), 206(2), 207 and 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, and ordered to pay an \$8 million fine. The Firm also undertook to notify clients of the Order, and to provide training through 2020 to its employees concerning the fiduciary duties of an investment adviser and disclosure of conflicts of interest, including economic conflicts of interest. In addition, the Firm was ordered to retain an independent compliance

consultant to conduct a comprehensive review, as well as annual reviews for each of the next two years, of its policies, procedures, and systems, and to report its findings and recommendations for additional changes or improvements to deVere USA and the SEC. The settlement will result in the establishment of a Fair Fund for distribution of the penalty to affected clients. A copy of the Order can be found at <https://www.sec.gov/litigation/admin/2018/ia-4993.pdf>.

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

##### **deVere Overseas Offices**

From time to time, deVere USA may introduce certain Clients to certain deVere companies worldwide. Such an example may arise when a Client residing in the U.S. moves to a foreign country and will need to be serviced by the local deVere office in compliance with the relevant local laws. deVere overseas offices render these services independently of deVere USA. deVere USA does not receive any portion of the fees charged (referral or otherwise) by any deVere overseas offices for the services rendered and such fee arrangement is exclusively between Client and the new deVere servicing office.

#### **Item 11. Code of Ethics**

deVere USA has adopted a Code of Ethics that sets forth the standards of conduct expected of persons associated with deVere USA (“Associated Persons”) and that requires compliance with applicable securities laws (“Code of Ethics”). The Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by deVere USA or the Associated Persons. The Code of Ethics also requires that certain of deVere USA’s personnel (“Access Persons”) report their personal securities holdings and transactions, and obtain pre-approval of certain investments such as initial public offerings and limited private offerings. The Firm utilizes Schwab Compliance Technologies, a compliance software application, to distribute the Code of Ethics and to monitor employees’ personal trading.

deVere USA and its Associated Persons are permitted to buy or sell securities that they also recommend to Clients consistent with deVere USA’s policies and procedures.

However, when deVere USA does engage in or considers a transaction in any security on behalf of Client, no Access Person may affect for themselves or for their immediate family (i.e., spouse, minor children, or adults living in the same household as the Access Person) a transaction in that security unless: the transaction for Client has been completed or a decision has been made not to engage in the transaction for Client. deVere USA will place the interests of Clients before those of the Access Person.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements, and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or

money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

The Code of Ethics recognizes that some securities trade in sufficiently broad markets to permit transactions by Access Persons to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated above.

Clients and prospective Clients may contact deVere USA to request a copy of the Code of Ethics.

## **Item 12. Brokerage Practices**

For Clients' advisory accounts custodied in the U.S., deVere USA generally recommends that Clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("Schwab"), Interactive Brokers, or SEI as qualified custodians. deVere USA is independent of and not affiliated with Schwab, Interactive Brokers, or SEI.

The factors that deVere USA considers in recommending Schwab, Interactive Brokers, or SEI include the Financial Institution's respective financial strength, reputation, execution, pricing, and research and service.

Clients may pay fees that are higher than what another qualified Financial Institution might charge to effect the same transaction where deVere USA determines that the fees are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but rather, whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. deVere USA seeks competitive rates but may not necessarily obtain the lowest possible fee rates for Client transactions.

**Directed brokerage arrangements.** Client may direct in writing that deVere USA use a particular Financial Institution to execute some or all transactions for Client. In that case, Client will negotiate terms and arrangements for the account with that Financial Institution, and deVere USA will not seek better execution services or prices from other Financial Institutions or be able to "batch" Client transactions for execution through other Financial Institutions with orders for other accounts managed by deVere USA (as described below). As a result, Client may pay higher fees or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, deVere USA may decline Client's request to direct brokerage if, in deVere USA's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

In the case of QROPS accounts, Clients have authorized the QROPS pension trustees to

make all portfolio transaction decisions, including investments through the following overseas Life Companies: RL360 Insurance Company Limited, Generali Worldwide Insurance Company Limited., or STM Life Assurance PCC PLC. Clients have directed the Firm to execute Client's securities transactions through the QROPS pension trustees and Life Companies.

In the case of SIPP accounts, Clients authorize and direct the Firm to transmit all Client-approved investment or other instructions with respect to their SIPP assets to the SIPP platform provider, Novia Global Ltd., a Financial Institution located in the U.K. Under the terms of the advisory agreement with the Firm, each Client agrees that Novia, not the Firm, will be responsible for implementing such SIPP instructions in accordance with the terms and conditions of the governing documents for the SIPP, including but not limited to selecting financial intermediaries to execute any securities transactions approved by Client.

### **Software and Support Provided by Schwab Institutional Platform**

The Firm participates in Schwab Institutional Platform, which includes access to a broad range of investment products. The investment products available include some to which the Firm might not otherwise have access. For example, Schwab enables deVere USA to obtain certain mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other Financial Institutions. Schwab Institutional Platform is not utilized for QROPS and SIPP accounts.

Although not a material consideration when determining whether to recommend that Client utilize the services of a particular broker-dealer/custodian, the Firm may receive from Schwab (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist the Firm to better monitor and service Clients' accounts maintained at such institutions. Included within the support services may be investment-related research, pricing information and market data, software and other technology that provide access to Client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, or other educational and/or social events, marketing support, computer hardware and/or software, and/or other products used by the Firm in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that the Firm may receive from Schwab may assist deVere USA in managing and administering Client accounts. Other services and/or products do not directly provide such assistance to deVere USA, but rather assist the Firm to manage and further develop its business enterprise.

Clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of the Firm's arrangement with Schwab. There is no corresponding commitment made by the Firm to Schwab or any other entity to invest any specific amount or percentage of Clients' assets in any specific mutual funds, securities, or other investment

products as a result of the above arrangement.

**Item 13. Review of Accounts**

deVere USA typically monitors Client accounts on an as needed basis. Clients are encouraged to discuss their needs, goals, and other factors affecting their financial situation with deVere USA and to keep the Firm informed of any changes thereto. deVere USA typically contacts Clients annually to discuss any such changes.

To the extent that the Firm may provide Clients with periodic account statements or reports, Client is urged to compare any statement or report provided by deVere USA with the account statements received from the account custodian or Financial Institution.

**Item 14. Client Referrals**

deVere USA does not compensate any third party either directly or indirectly for Client referrals.

**Item 15. Custody**

Clients' securities and cash are held in custody accounts with certain Financial Institutions ("Custodians"). The Agreement, and/or a separate agreement(s) with the Custodians, may authorize deVere USA, through such Custodians, to debit Client's account for the amount of deVere USA's advisory fee and to remit that advisory fee to the Firm in accordance with applicable custody rules. deVere USA has procedures in place to ensure that it does not have actual custody of Client's assets.

The Custodians have agreed to send an account statement, at least quarterly, to each Client for which it maintains funds or securities, identifying the amount of funds and of each security in the account at the end of the period and setting forth all transactions in the account during that period. However, for Clients with QROPS or SIPP investments, the pension trustee receives all account statements from the custodians holding assets of the QROPS or SIPP and has online access to account information. The trustees have arranged with these custodians for account information to be made available online to Clients.

In addition, as discussed in Item 13, deVere USA may send periodic account reports to Clients. Clients should promptly and carefully review the statements sent directly by the Financial Institutions and compare them to the periodic account reports sent by the Firm.

**Item 16. Investment Discretion**

deVere USA does not manage Client accounts on a discretionary basis. The Firm advises Clients on investments on a non-discretionary basis. Clients are free to accept or disregard the Firm's or its IARs' recommendations on investments.

**Item 17.      Voting Client Securities**

deVere USA does not vote proxies on behalf of its Clients. Clients receive proxies, if any, directly from the Financial Institutions.

The Firm will not act or advise Clients in any legal proceedings, including but not limited to class actions, involving securities held or previously held by the account.

**Item 18.      Financial Information**

deVere USA does not require or solicit prepayment of more than \$1200 in fees per Client, six months or more in advance.