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## **Form ADV Part 2A Brochure**

**March 11, 2024**

This Form ADV Part 2A brochure provides information about the qualifications and business practices of Evergreen Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at 425-467-4600 or [whay@evergreengavekal.com](mailto:whay@evergreengavekal.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Evergreen Capital Management LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Evergreen Capital Management LLC is a registered investment adviser. Registration as an investment adviser does not imply any certain level of skill or training.

## **Material Changes (Item 2)**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment, dated March 31, 2023, we have made the following material changes to our Form ADV:

1. Item 4 – We removed Financial Planning as a separate service we provide. Financial Planning is included for most investment management clients.
2. Item 5 – Updated fees for investment management services. Range 0.25% and 1.00%.

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## **Advisory Business (Item 4)**

*This section of the brochure tells you about our business, including ownership, and a description of the services we offer.*

Evergreen Capital Management, LLC is a registered investment adviser based in Bellevue Washington. We are organized as a limited liability company ("LLC") under the laws of the state of Washington. We have been providing investment advisory services since 1983 and are indirectly owned by David Hay our Co-Chief Investment Officer.

Evergreen Capital Management LLC is referred to in this document as "Evergreen Capital Management", "Evergreen GaveKal", "Evergreen", "the Company", "us", "we", or "our." In this document we refer to current and prospective clients of Evergreen Capital Management as "you", "client", or "your."

Evergreen has two main offices, located in Bellevue, WA and San Francisco, CA, and each of the two main offices has its own Investment Committee. Each Investment Committee is permitted to and typically does recommend different types of investments for clients.

Evergreen also has a few other satellite offices that fall under the purview of the Bellevue office. The disclosures throughout this Form ADV apply to the business practices of all locations.

Evergreen offers a variety of services, including investment management services, as well as investment consulting services and financial planning upon request. Services are available from both Evergreen locations, although the San Francisco office primarily manages family office clients. Whether a client is managed by the Bellevue or San Francisco office, is typically based on prior relationships with personnel or geographic location. Additional information about Evergreen's services is provided below.

### **Investment Management Services**

Most Our clients enter into a written agreement for discretionary investment management services, where Evergreen Capital Management and our investment adviser representatives ("IARs") manage your assets on a continuous and ongoing basis guided based on your individual needs. We use the information provided by you to develop investment advice that is tailored to your individual situation. We regularly inquire about, and you are responsible for providing, information about your investment goals, time horizon, and risk tolerance.

Evergreen's investment management services are generally not provided to all your holdings or net worth but rather only to assets specifically designated by you and agreed to by us as managed assets. Clients can generally impose restrictions on investing in certain securities or types of securities.

As deemed appropriate, Evergreen will elect to use subadvisers for a portion of a client's account in instances where the subadviser's expertise in a particular type of investment or investment strategy is needed or use of is considered in the best interest of the client in furtherance of such client's goals. As the use of a subadviser is determined on a case-by-case basis taking into account all relevant facts and circumstances of the respective client, typically will enter into a separate agreement with the subadviser although may not be necessary in some instances. Nevertheless, the affected client will be notified in advance and have the opportunity to consent to the use of the subadviser if means client will incur an additional cost for such services.

Upon request, we provide some investment management clients with a written financial plan at no additional cost. Financial plan typically include a personal balance sheet and certain projections. Any reports, financial statement projections, and analyses provided by Evergreen are intended exclusively

for your use in developing and implementing your financial plan. In view of this limited purpose, the statements should not be considered complete financial statements. Evergreen will not audit, review, or compile financial statements, and accordingly, we will not express an opinion or other form of assurance on them, including the reasonableness of assumptions and other data on which any prospective financial statements are based.

#### Types of Investments Used

For our investment management services, we consider many different types of securities when formulating the investment advice we give to you. Although we primarily provide investment advice on publicly traded securities, including registered investment companies, we do recommend interests in private funds for certain clients. If you come to us with existing investments, we evaluate them with respect to your financial goals, risk tolerance, and investment time horizon. Depending upon your situation, we will recommend investments in individual stocks, corporate and/or government bonds, mutual funds, or exchange-traded funds ("ETFs"). For certain clients, Evergreen also recommends investments in partnership interests in real estate or oil and gas interests, or investments in private funds.

#### Advisory Services to Pooled Investment Vehicles

Evergreen is the investment adviser to privately pooled investment vehicles ("Funds"). The objective of the Funds is to provide risk adjusted long-term returns by investing in third-party-managed private pooled investment vehicles that make private equity and venture capital investments. In addition, the Funds may make third-party-sponsored co-investments alongside third-party managed private pooled investments in the Funds.

#### Investment Consulting Services

Evergreen does from time-to-time provide investment consulting services on topics not involving securities. The fees for this advice are typically included as part of an assets under management billing agreement or a fixed fee agreement described in the written agreement between us. Non-securities related advice is only provided to you upon specific written request and agreement between us. Not all clients receive this type of advice.

#### **Assets Under Management**

As of December 31, 2023, Evergreen Capital Management managed \$4,453,687,296 on a discretionary basis and \$96,628,320 on a non-discretionary basis.

## **Fees and Compensation (Item 5)**

*This section of the brochure describes how we are compensated for the services we offer.*

#### **Fees and Expenses for Investment Management Services**

The annual fee for investment management services is generally billed quarterly, either in arrears or in advance, based on the value of the account on the last trading day of the quarter. Fees paid by clients to Evergreen generally range from 0.25% to 1.00% per year of assets under management, depending on the market value and investment objectives of your account(s). Certain clients have negotiated with Evergreen to pay fees outside this range. The fees paid by clients outside this range are, in certain circumstances, due to factors such as the specifics of a particular investment management assignment and/or accounts grouped by household.

If the Investment Management Agreement does not span the entire quarterly billing period, the fee you pay will be pro-rated based on the days the account is open during the billing period. Your account

custodian will send you client statements, at least quarterly, showing all disbursements for the account including the amount of the advisory fee, if deducted directly from the account. It is the shared responsibility of Evergreen Capital Management and you to verify the accuracy of the fee calculation as the account custodian will not determine whether the fee has been properly calculated. See Brokerage Practices (Item 12) in this brochure for more information about your account custodian(s).

Either party may terminate the Investment Management Agreement by providing written notice. Any unearned fees collected in advance of services being performed will be returned to you on a *pro rata* basis.

Evergreen does enter into other types of fee arrangements with certain clients on a case- by-case basis.

#### Performance-Based Fees

Although Evergreen does not typically charge investment management clients performance-based fees, certain clients may negotiate with us to charge a fee based on the performance of their investments, subject to such investments achieving a hurdle rate. Evergreen will only charge performance-based fees to clients who are “qualified clients” as defined in Rule 205- 3 of the Investment Advisers Act of 1940 and who have entered into an agreement with Evergreen documenting the manner in which such fees will be charged.

#### How Clients Pay Advisory Fees to Evergreen

The fees you pay to Evergreen for our investment management service is generally deducted directly from your account. You must provide your qualified account custodian with written authorization to have fees deducted from your account and paid to Evergreen Capital Management.

#### Other Types of Fees and Expenses

In addition to the investment management fees you pay to us, you will pay transaction fees (commissions) to your custodian or broker-dealer for executing securities transactions and charges for special services elected by you or Evergreen Capital Management, as provided for in agreements with you and your custodian and/or Evergreen.

Investment company funds (e.g., mutual funds or ETFs) and private funds that are held by you will bear their own internal transaction and execution costs, as well as directly compensate their investment managers and pay certain other expenses. You will pay these fees and expenses in addition to the management fees you pay to Evergreen.

Some investment company funds pay 12b-1 fees, distribution fees, and/or shareholder service fees to broker-dealers that offer investment company funds to their clients. These fees affect the net asset value of the investment company fund shares and are indirectly borne by fund shareholders such as you.

Some investment company fund companies have imposed a redemption fee. A redemption fee is another type of fee that some funds charge their shareholders when shares are sold or redeemed within a short period of time from the purchase of the fund shares. While it is not the general practice of Evergreen to sell client’s securities in a period that would generate a redemption fee there could be instances where we deem necessary if we believe the sale is in your best interests, or if fund shares must be redeemed to pay fees from the account. A complete explanation of these charges is contained in the Prospectus and Statement of Additional Information for each investment company fund. You can get a prospectus through the investment company website, by telephone, or by mail.

Clients who invest in subadviser separate accounts or private funds managed by another investment adviser will also pay asset-based management fees to the subadviser or adviser of the private fund that

are separate from and in addition to Evergreen's advisory fees. Additionally, clients who invest in private funds are also required in certain circumstances to pay performance-based fees to the adviser of the private fund.

Subadvisers for separate accounts charge management fees that generally range from 0.25% to 1% of assets under management, and subadviser separate accounts typically do not have performance-based fees. Management fees for subadviser separate accounts are paid to the subadviser and are typically deducted directly from your account with such subadviser.

Clients who are invested in private funds pay the manager of such private fund an asset-based management fee that typically ranges from 0.50% to 2.5% annually. Clients who are invested in private funds and who are eligible to pay performance fees typically pay performance fees that range from 0% to 30% based on realized and/or unrealized gains. Pursuant to terms outlined in the relevant private fund governing documents, clients will be charged a performance fee only after a certain hurdle rate is achieved. In addition, clients who are invested in private funds will pay certain operational expenses of the funds as set forth in a confidential offering memorandum or similar offering document for each such private fund. The management fee, performance fee, and any related operational expenses are generally deducted directly from the assets of the private fund or from distributions to investors in the private fund.

If you are invested in a subadviser separate account or a private fund not managed by us, you will pay all of the fees and expenses of such investment in addition to the fees you pay to us.

#### **Fees for Investment Consulting and Financial Planning Services**

Fees for these services are typically based on a pre-set fee schedule but may be negotiated on a case-by-case basis and may be based on assets under management or determined in another manner that is agreed to by the client and Evergreen.

#### **Commissions or Additional Compensation**

Neither Evergreen nor its related persons receive any compensation for the sale of securities or other investment products while providing investment advisory services to you.

#### **Fees and Expenses for Private Funds Managed by ECM**

Evergreen receives an investment advisory fee, quarterly, paid in advance, for acting as the investment adviser to private funds advised by ECM ("Funds"). Investors in the Funds that are also clients of Evergreen pursuant to an Investment Management Agreement shall pay the fee rate provided for in the Investment Management Agreement. Other investors will generally pay a 1% management fee. The management fee may be reduced or waived by Evergreen in its sole discretion for any reason.

In addition to a management fee, investors are subject to incentive fees, as specified in the Funds' Private Placement Memorandum. Operating and investment-related expenses will be charged to the Funds, as specified in each Fund's Private Placement Memorandum.

The Funds typically invest in underlying investment funds that generally charge a management fee of between 1.00% and 2.00% of capital committed or assets under management, earn carried interest of up to twenty percent of the net profits, in some cases after a preferred return, that would otherwise be allocated to the investment fund's investors, and require their investors to reimburse the investment fund for the expenses to operate such investment funds.

It is important that investors in the Funds refer to the relevant confidential private placement memorandum and/or other governing documents for a complete understanding of how fees are paid to

Evergreen and what expenses they may pay through an investment in the Fund. The information contained herein is a summary only and is qualified in its entirety by such documents.

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

*This section of the brochure explains any performance-based fees we may charge you for and how they may be different from other clients' charges.*

Evergreen does not typically charge fees to investment management clients that are based upon a share of capital gains or capital appreciation of client assets, although performance-based fees are charged by third-party managers of private funds in which certain clients of Evergreen are invested. However, certain investment management clients have negotiated with Evergreen to pay a performance-based fee. While such performance-based fees could potentially be seen to create an incentive for Evergreen to make riskier or more speculative investments for clients who are paying such fees, or to direct more profitable investments to those clients who are paying performance fees, Evergreen has established policies and procedures regarding the allocation of investment opportunities to address such risks. We are obligated to treat all clients fairly in accordance with our fiduciary duty.

Evergreen provides investment advisory services to other clients in addition to you. Not all clients receive the same investment advice, nor do they pay the same fee. We strive to act in the best interests of each of our clients at all times.

As described in Item 5. above, In addition to a management fee, Evergreen may receive incentive fees for serving as investment adviser to the Fund, as specified in the Fund's Private Placement Memorandum.

## **Types of Clients (Item 7)**

*This section of the brochure describes who we generally provide our services to.*

### **Investment Management Services and Investment Consulting, Clients**

Evergreen provides investment management services, and investment consulting, to a variety of types of clients including individuals, trusts, endowments, and pension and retirement plan accounts.

While Evergreen's minimum account size is typically \$1,000,000. Evergreen has the discretion to waive such minimum account sizes. Certain strategies' minimum account size will exceed \$1,000,000.

### **Private Funds**

Evergreen is the investment manager to private investment funds, organized as limited partnerships, limited liability companies, or other legal entities, in which investors are accredited investors or qualified purchasers. As a result these private funds are exempt from registration as an investment company under the Investment Advisers Act of 1940, as amended. Refer to the Funds governing documents for the Fund's minimum investment.

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

*This section of the brochure explains how we formulate our investment advice and manage client assets.*

Evergreen provides investment advice to its clients with respect to investments in a variety of securities, including but not limited to ETFs, mutual funds, equities, fixed income securities, and investments in



private funds. The below methods of analysis and investment strategies apply broadly to all Evergreen clients.

## **Methods of Analysis**

### Fundamental

We analyze an investment by examining its publicly available financial statements or reports, its management, competitive advantages, competitors, and markets. We attempt to identify investments that are selling for less than their intrinsic worth. Our fundamental analysis method is based upon the assumption that markets sometimes misprice an investment in the short run but that the "correct" price will eventually be reached.

### Fund Flow Analysis

Evergreen Capital Management has a defined process built around mutual fund flow analysis. Flow data is tracked and analyzed monthly. A quantitative examination of the flow data helps drive the tactical investment decisions.

### Macroeconomic

Our analysis of the macro environment helps us understand the relationship between such factors as national income, output, consumption, unemployment, inflation, savings, investment, international trade and international finance. The differing effects of these and other factors help shape our investment outlook.

### Third Party Analysis

As part of our analysis we purchase proprietary investment and market analysis from independent third parties. This third-party analysis is used as part of our investment and market analysis process. We don't believe that the loss of our ability to obtain this third party analysis would represent a material risk to our clients' investment portfolios.

## **Investment Strategies**

### Dynamic Asset Allocation

As part of our investment strategy we use a method we call Dynamic Asset Allocation.

Dynamic Asset Allocation is an active investment methodology that adjusts a portfolio's asset allocation based on a variety of factors, beginning with the client's investment objectives, current financial situation, and risk tolerance. Through consultation with each client, we will determine the type of strategy best suited for the client's investment goals. Our available strategies range from highly conservative to aggressive growth, and typically include various combinations of individual securities and ETFs, as well as private funds for certain clients for whom such investments are appropriate. We also offer focused strategies that are appropriate for certain clients that include global opportunities, tactical macro, dividend appreciation, dynamic equity, cash management, and investments in master limited partnerships ("MLPs").

Our goal in using Dynamic Asset Allocation is to improve the risk-adjusted returns of an investment portfolio when compared with other investment strategies. We modify our asset allocation advice according to our opinion of the valuation of the markets in which our clients are invested. We attempt to adjust our asset allocation advice to over-weight or focus on a market or sector of the market that we feel will perform better than others. We strive to buy investments with the goal of holding them as long-term investments, but we might recommend you sell a particular investment if, in our opinion, it is no longer in your best interest to hold.

We recommend investments for each client based on the investment strategy selected by the client and the suitability of the investment as it relates to the client's objectives and guidelines. In certain circumstances, Evergreen will consider the tax consequences of certain investments for a client that has engaged us for investment management services. On occasion, these client-specific considerations could result in Evergreen both buying and selling the same investment at the same time for different clients, even when such clients are invested in the same or similar strategies.

In addition, Evergreen's two Investment Committees make investment decisions independently, and it is possible that an Investment Committee could make decisions on the same investment opportunity that are contrary to those made by the other Investment Committee.

#### Right Cycle Investing

For certain clients, Evergreen's Dynamic Asset Allocation approach indicates that Right Cycle Investing is appropriate for all or a portion of the client's portfolio. Right Cycle Investing™ is Evergreen's "active" management of "passive" ETFs. We believe the diversification and cost advantage of ETFs offer the average investor above average performance opportunity over the long term. Right Cycle Investing™ uses various forms of analysis to allocate funds within our ETF models and is guided by proprietary work we have done in analyzing mutual fund purchase and sale activity and research data obtained from a third-party. We believe successful investing requires a long-term time horizon and commitment to a well-designed and unemotional investing strategy.

#### Private Fund Investments

The Fund seeks to provide attractive risk adjusted long-term returns by investing in third-party-managed private pooled investment vehicles that make private equity and venture capital investments ("Investment Funds"). In addition, the Partnership may make third-party-sponsored co-investments alongside Investment Funds and other investors ("Co-Investments" and together with the Investment Funds, "Investments").

#### **Risks**

The following does not purport to be a complete explanation of all risks involved. For risks associated with the Fund, please refer to the relevant Fund's Private Placement Memorandum.

#### ***General Investment and Strategy Risks***

##### General Risks to Investing

Investing is not without risk and involves the risk of loss of principal which you should be prepared to bear. We use several strategies to try to reduce risk, including diversifying a portfolio across multiple asset classes if consistent with your investment objectives and monitoring the portfolio and the markets for changes in fundamentals. Despite these strategies, historical evidence clearly shows that every asset class has experienced severe declines in value—sometimes sustained over many years—throughout several periods of time in history. In addition, each of our strategies to minimize risk will not work in all circumstances, including in situations where asset classes become more correlated.

As with any investment, you could lose all or part of your investments managed by Evergreen, and your account's performance could trail that of other investments.

##### Asset Class Risk

Securities in your portfolio(s) or in underlying investments such as mutual funds could potentially underperform in comparison to the general securities markets or other asset classes.

### Management Risk

The performance of your account is subject to the risk that our investment management strategy does not produce the intended results.

### Market Risk

Your account could lose money over short periods due to short-term market movements and over longer periods during market downturns. The value of a security can decline due to general market conditions, economic trends, or events that are not specifically related to the issuer of the security or to factors that affect a particular industry or industries. During a general downturn in the securities markets, multiple asset classes are often negatively affected.

### Passive Investment Risk

In certain circumstances, Evergreen Capital Management will use a passive investment strategy that is not actively managed where we do not attempt to take defensive positions in declining markets.

### Risks of Investing in Private Funds

Evergreen recommends investments in private funds to certain clients. Investments in private funds involve risks distinct from those of publicly traded securities. We will discuss these risks orally with clients for whom we recommend investing in private funds. Also, clients who invest in private funds will receive copies of the private funds' offering documents, which also discuss the risks of such investments.

An investment in a private fund entails a high degree of risk and is suitable only for sophisticated institutions and individuals for whom an investment in a private fund does not represent a complete investment program. An investment in a private fund requires the financial ability and willingness to accept the substantial risks and lack of liquidity inherent in such investment. Investors in a private fund must be prepared to bear such risks for an indefinite period of time. Prospective investors to a private fund should carefully review the applicable governing documents. Prospective investors are also encouraged to consult their own legal, investment, tax, and other advisers, and the applicable offering documents, as to whether an investment in a private fund is appropriate for them.

### Risks of Investing in Emerging Markets

Emerging markets are often less stable politically and economically than developed markets such as the United States and investing in emerging markets involves different and greater risks. There typically is less publicly available information about companies in emerging markets. The stock exchanges and brokerage industries of emerging markets do not have the level of government oversight as do those in the United States. Securities markets of such countries are substantially smaller, less liquid and more volatile than securities markets in the United States. Many emerging markets are especially prone to currency-related risks.

In addition, investments in certain emerging markets are subject to related volatility risk. The smaller size and lower levels of liquidity in emerging markets, as well as other factors, results in changes in the prices of emerging market securities that are more volatile than those of companies in more developed regions. This volatility can cause the price of investments in emerging markets to go up or down dramatically.

### Risks of Investing in Futures/Commodities

Although not a normal part of Evergreen's advisory services, Evergreen may make limited investments in futures/commodities for a small subset of clients. Trading commodities and commodity interests (e.g., futures contracts on commodities, securities indices or currencies) is highly speculative and may entail risks that are greater than the risks associated with investing in securities. These risks include, but are not limited to, greater price volatility and potential illiquidity, and these types of investments have similar impacts to a client's portfolio as the use of leverage.

### Risks Associated with Trading “Odd Lots”

When a client instructs Evergreen to raise cash, Evergreen may need to sell small positions or odd lot sizes and/or be unable to aggregate a client’s order with orders of other clients. There are price and liquidity risks associated with small, odd lot transactions that would not otherwise exist if Evergreen was able to sell larger positions of the security. This will be true even if the amount of securities the client originally purchased was an institutional sized position or round lot that has diminished (and/or amortized down) in size over time.

### Possible Effects of Technical Trading Systems.

Evergreen’s trading decisions are based on mathematical analyses of technical data such as the price of a security, that price relative to other securities, volume of trading and other factors. Such data may not accurately predict price movements. In addition, periods of low volatility weaken the system’s ability to predict price movements, and the system may cause losses during periods of low volatility. During periods of low volatility, we may elect to hold large positions in cash, which generate little to no return. Use of similar systems by other advisors may interfere with Evergreen’s systems. For example, if multiple systems detect “sell” signals on the same security at the same time, the price of that security may fall more quickly than we can sell the security, meaning that we will sell below the intended target price.

### Funds-of-Funds Generate Multiple Levels of Fees and Expenses.

By investing in portfolio funds indirectly through a private fund, the investor bears asset-based fees and performance-based fees and allocations of both the fund and the portfolio funds. Thus, investors in the main fund may be subject to higher operating expenses than if he or she invested in a portfolio fund directly. In addition, certain of the portfolio funds may be subject to a performance-based fee or allocation, irrespective of the performance of other portfolio funds. Accordingly, an adviser to a portfolio fund with positive performance may receive performance-based compensation from the portfolio fund even if the master fund’s overall performance is negative. The performance-based compensation received by an adviser to a portfolio fund may also create an incentive for that adviser to make investments that are riskier or more speculative than those it might have made in the absence of the performance-based allocation. Such compensation may be based on calculations of realized and unrealized gains made by the adviser without independent oversight.

### ***Risks Related to Investments***

**Equity Securities.** Equity investments are volatile and will increase or decrease in value based upon issuer, economic, market and other factors. Small capitalization stocks generally involve higher risks in some respects than do investments in stocks of larger companies and may be more volatile. The securities of non-U.S. issuers also involve a high degree of risk because of, among other factors, the lack of public information with respect to such issuers, less governmental regulation of stock exchanges and issuers of securities traded on such exchanges and the absence of uniform accounting, auditing and financial reporting standards. The non-U.S. domicile of such issuers and currency fluctuations may also be factors in the assessment of financial risk to the investor. Foreign securities markets are often less liquid than U.S. securities markets, which may make the disposition of non-U.S. securities more difficult. Emerging markets can be subject to greater social, economic, regulatory, and political uncertainties and can be extremely volatile.

**Fixed Income Securities.** Investments in fixed income securities are subject to credit, liquidity, prepayment, and interest rate risks, any of which may adversely impact the price of the security and result in a loss. The municipal market can be significantly affected by adverse tax, legislative or political changes and the financial condition of the issuers of municipal securities.

Exchange-Traded Funds (ETFs). ETFs are typically investment companies that are legally classified as open end mutual funds or Unit Investment Trusts. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares may trade at a discount or premium to their net asset value. The difference between the bid price and the ask price is often referred to as the “spread.” The spread varies over time based on the ETF’s trading volume and market liquidity and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company.

Margin. Evergreen may choose to employ margin strategies in eligible nonretirement, non-custodial accounts. This use of leverage, or investing with borrowed funds, is generally not recommended for certain advisory programs; however, may be considered on a case-by-case basis as appropriate, or for use in specialized strategies. Employing margin strategies in advisory accounts is a more aggressive, higher risk approach to pursuing investment objectives. Clients should carefully consider whether the additional risks are affordable prior to employing margin strategies due to the potential to experience significantly greater losses than if not employing margin strategies. The risks associated with investing, as well as costs, may be increased when employing margin strategies, and depending upon the return achieved, may make investment objectives more difficult to realize. Clients pay interest to Evergreen on the outstanding loan balance of their original margin loan. Fees are calculated as a percentage of assets under management; therefore, employing margin strategies to buy securities in advisory accounts generally increases the amount of, but not the percentage of, fees. This results in additional compensation to Evergreen, its financial advisers, and independent managers. The amount of the margin loan is not deducted from the total value of the investments when determining account value for purposes of calculating the fee. The decision to leverage advisory accounts is the sole decision of Clients and should only be made if clients understand the risks associated with employing margin strategies, the impact the use of borrowed funds may have on advisory accounts, and how investment objectives may be negatively affected. Specifically, clients may lose more than their original investments. Likewise, a positive or negative performance, net of interest charges and fees, is magnified. Gains or losses are greater than would be the case in accounts that do not employ margin strategies. Clients may not benefit from employing margin strategies if the performance of individual accounts does not exceed interest expenses on the loan plus fees incurred as a result of depositing the proceeds of the loan. Certain eligibility requirements must be met and documentation must be completed prior to using leverage in advisory accounts. Specifically, clients are required to execute separate margin agreements.

Derivatives. We may invest for clients in options and derivative instruments, including buying and writing puts and calls on some of the securities, currencies and other assets held by clients. The prices of many derivatives are highly volatile. Price movements of options contracts and swap payments are influenced by, among other things, interest rates, demand for such products, trade and exchange control programs and other government policies, and national and international political and economic events. The value of options and swap agreements depends upon the price of the underlying securities, currencies or other assets. Clients are also subject to the risk of the failure of any of the exchanges on which we trade or of their clearinghouses or of counterparties. The cost of options is related, in part, to the degree of volatility of the underlying securities, currencies or other assets. Accordingly, options on highly volatile securities, currencies or other assets may be more expensive than options on other securities, currencies or other assets. Swaps and certain options and other custom instruments are subject to the risk of nonperformance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty.

Investment in Bank Loans and Participations Entails Unique Risks. We may invest for clients in bank loans and participations. Investing in loans and participations entails the risk that a borrower is unable to pay interest or to repay the principal amount of such a loan. In addition, such investments entail risks such as (i) the invalidation of an investment as a fraudulent conveyance under creditors' rights laws, (ii) environmental liabilities that may arise with respect to collateral securing the obligations, and (iii) limitations on the ability of Evergreen to directly enforce its rights with respect to participations.

Investing in Non-U.S. Securities Entails Currency Risks. Non-U.S. securities and other assets often trade in currencies other than the U.S. dollar, and clients may directly hold foreign currencies and purchase and sell foreign currencies through forward exchange contracts. Changes in currency exchange rates will affect the client's net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of investments. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of the client's investments to decline. Some foreign currencies are particularly volatile. Foreign governments may intervene in the currency markets, causing a decline in value or liquidity of the client's foreign currency holdings.

Third-Party Managers. The use of third-party managers in investment programs involves additional risks. The success of the third-party manager depends on the capabilities of its investment management personnel and infrastructure, all of which may be adversely impacted by the departure of key employees and other events. The future results of the third-party manager may differ significantly from the third-party manager's past performance. While Evergreen intends to employ reasonable diligence in evaluating and monitoring third-party managers, no amount of diligence can eliminate the possibility that a third-party manager may provide misleading, incomplete or false information or representations, or engage in improper or fraudulent conduct, including unauthorized changes in investment strategy, insider trading, misappropriation of assets and unsupportable valuations of portfolio securities.

The investment risks described above represent some but not all of the risks associated with various types of investments and investment strategies. Clients should carefully evaluate all applicable risks with any investment or investment strategy and realize that investing in securities involves risk of loss that clients should be prepared to bear.

Co-Investments. We may co-invest for clients with third parties through joint ventures or with other entities. Such investments entail unique risks, such as the risk that a co-investor may have interests or goals that are inconsistent with those of Evergreen or may be in a position to take action contrary to Evergreen's investment objectives. In addition, there may be a limited amount of interests available for investing, meaning we are unable to acquire as much of the investment as desired.

Securities Issued by Other Clients. We may invest for clients in securities issued by other clients of Evergreen, by entities related to Evergreen's clients or by other entities which Evergreen may have business relationships with. This may result in conflicts of interest between different Evergreen clients.

Service Providers. Service providers or affiliates of service providers (including lenders, brokers, attorneys, and investment banking firms) of Evergreen and the Funds may be in a position to provide certain services to employees of Evergreen with respect to non-Evergreen matters. In addition, we may recommend to a portfolio company that it contract for services with such service providers. The receipt of services with respect to non-Evergreen matters may influence or have the appearance of influencing our decision whether to select such service provider for the Company or the Funds or whether to recommend such service provider to a portfolio company. To eliminate this potential conflict, Evergreen prohibits its employees from receiving discounts for any services with respect to non-Firm matters performed by its service providers or their affiliates.

Force Majeure or other Risks. Portfolio investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). For example, beginning in late 2019, the media has reported a public health epidemic originating in China, prompting precautionary government-imposed closures of certain travel and business. It is unknown whether and how global supply chains may be affected if such an epidemic persists for an extended period of time. Some force majeure events may adversely affect the ability of a party (including a portfolio company or a counterparty to a fund or a portfolio company) to perform its obligations until it is able to remedy the force majeure event. In addition, forced events, such as the cessation of the operation of machinery for repair or upgrade, could similarly lead to the unavailability of essential machinery and technologies. These risks could, among other effects, adversely impact the cash flows available from a portfolio company, cause personal injury or loss of life, damage property, or instigate disruptions of service. In addition, the cost to a portfolio company or a fund of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on a portfolio company. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which Funds may invest specifically. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more portfolio companies or its assets, could result in a loss to funds, including if the investment in such portfolio companies is canceled, unwound or acquired (which could be without adequate compensation). Prolonged changes in climatic conditions may have significant impact on the revenues, expenses and conditions of certain Fund investments. While the precise future effects of climate change are unknown, it is possible that climate change could affect precipitation levels, droughts, wind levels, annual sunshine, sea levels and the severity and frequency of storms and other severe weather events. Reductions in precipitation levels, wind or sunlight could materially adversely affect the revenues and cash flows of renewable energy related assets that depend on the capture of waterflow, wind or sunlight to derive revenues. If such reductions are significant, any such assets may be rendered inoperable. Conversely, significant increases in precipitation or wind velocity could cause damage to such assets or create periods when such assets are not able to function. In the event that climate change causes sea levels to rise, certain portfolio companies may be forced to incur expenses to prevent assets from being damaged or rendered unusable by such rising sea levels. Any of the foregoing may therefore adversely affect the performance of Funds and their investments.

Banking Risks. Rising interest rates, various bank failures and volatile markets contribute to potential instability in the banking sector, raising a variety of risks for investors. Evergreen, the Funds, and their affiliates maintain all of their respective cash and cash equivalents in accounts with major U.S. and multi-national financial institutions, and their respective deposits at certain of these institutions may exceed the insured limits, where applicable. The above may impact the viability of banking and financial services institutions. In the event of failure of any of the financial institutions where Evergreen, the Funds, or any of their affiliates maintains its respective cash and cash equivalents, there can be no assurance that each would be able to access uninsured funds in a timely manner or at all. Any inability to access, or delay in accessing, these funds could adversely affect business and financial position of Evergreen, the Funds, or their affiliates. Such events may significantly increase Evergreen's and/or the Funds' costs, negatively impact the Funds' ability to execute on pending transactions, including with respect to the ability to draw down amounts under credit facilities, and divert our time, attention and resources away from the pursuit of the Funds' investment strategy. Furthermore, such events may also increase counterparty risk, including raising the likelihood of defaults or bankruptcies by counterparties and tenants that rely on such bank relationships. Depending on ongoing developments, regulatory guidance and timing, such

events may significantly exacerbate the normal risks associated with the Fund and result in adverse changes to, among other things: (i) general economic and market conditions; (ii) interest rates, currency exchange rates, and expenses associated with currency management transactions; (iii) demand for investments; (iv) availability of credit in certain markets; and (v) laws, regulations and governmental policies. In addition, such events may lead to financial system and participant regulatory reform, and such increased regulatory oversight may impose additional administrative burden and costs on Evergreen and the Funds. The foregoing could materially adversely impact the operations of Evergreen, the Funds, and their affiliates and their financing and overall cash flow, acquisition, development and leverage strategies and investment returns. It is currently unclear what the ultimate effect of the situation will be on the banking sector, private equity industry, and global financial markets as a whole.

## **Disciplinary Information (Item 9)**

*This section of the brochure lists legal and disciplinary information for Evergreen, its owners, and management team.*

Neither Evergreen Capital Management nor any of our owners or management team members has been involved in any civil or criminal investment-related events that must be disclosed in this document.

However, state regulators require that all formal investigations and disciplinary actions taken by regulators, customer disputes, certain criminal charges and/or convictions, as well as any IAR's financial disclosures, such as bankruptcies and unpaid judgments or liens, be filed with FINRA. If this type of information would be material to your decision to do business with Evergreen please refer to the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) for more information about the IARs you are evaluating.

## **Other Financial Industry Activities and Affiliations (Item 10)**

*This section of the brochure describes other financial services industry affiliations we may have that could present a conflict of interest with you.*

### **Private Funds**

We are affiliated through common ownership with Evergreen GaveKal GP, LLC. Evergreen GaveKal GP, LLC serves as the general partner to the Funds, and Evergreen serves as the investment manager.

We are the manager to the following private funds:

1. Evergreen Ventures AI SPV, L.P.
2. Evergreen Ventures Income Fund, L.P.
3. Evergreen Ventures Opportunity Fund, L.P.
4. Evergreen Ventures Technology Fund, L.P.

We are also affiliated with Evergreen Ventures Income SLP, LLC, a Delaware limited liability company, which acts as a special limited partner of each series in the Funds, with the right to participate in the carried interest of each Series.

### **GaveKal Capital Limited**

GaveKal Research ("GaveKal") provides investment research to Evergreen free of charge because of GaveKal's relationship with Evergreen. This presents a conflict because Evergreen has an incentive to base investment decisions solely on research that it obtains from GaveKal free of charge. To mitigate this conflict, Evergreen evaluates any research obtained from GaveKal in light of Evergreen's internal research efforts.



Evergreen shares research and analyst reports to Gavekal. In addition, Evergreen may have employees who perform a research function for both Evergreen and Gavekal. Both GaveKal and Evergreen have determined that their clients generally will benefit from such shared research by effectively broadening the resources of each advisory associate.

To mitigate any potential conflict of interest, Evergreen does not solely rely on the free research provided by GaveKal; the Company also pays for research from third parties to complement that provided by GaveKal.

### **Evergreen Sterling Kuder**

Evergreen Sterling Kuder is a tax accounting firm that provides tax compliance and business consulting services specializing in simplifying complex accounting situations and working strategically to reduce their tax burden.

While Evergreen may recommend Evergreen Sterling Kuder's services, clients will ultimately determine whether to utilize them and will sign a separate agreement at that time with fees agreed upon on a project basis.

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

*This section of the brochure describes our code of ethics, adopted pursuant to SEC rule 204A-1, and how we deal with client and related person trading.*

### **Code of Ethics**

We have adopted a code of ethics designed to prevent and detect violations of the federal securities laws by our employees and affiliated persons, with a particular focus upon securities transactions made by our employees that have access to material information about the trading of Evergreen Capital Management. We will provide a copy of our code of ethics to clients or prospective clients upon request. For a copy of our code of ethics, please contact the Chief Compliance Officer at the phone number listed on the cover of this brochure.

### **Material Financial Interest and Personal Trading**

Principals and employees of Evergreen Capital Management purchase, hold, and sell individual securities that are also recommended to or held by you or another client. If potential insider information is inadvertently provided or learned by a principal or employee, it is our policy to strictly prohibit its use.

Evergreen Capital Management permits the firm, its employees, and IARs to buy, sell, and hold the same securities that we also recommend to clients. Evergreen performs investment services for different types of clients with varying investment goals, risk profiles, and time horizons. As such, the investment advice offered to you will typically differ from the advice offered to other clients and investments made by our IARs. We have no obligation to recommend for purchase or sale a security that Evergreen Capital Management, its principals, affiliates, employees, or IARs purchase, sell, or hold. When we decide to liquidate a security from all applicable accounts, client orders will take priority before those of a related or associated person to Evergreen Capital Management. In some cases the trades of clients and advisory personnel will be combined in a single block trade, and all trades will receive the average price. In these instances, accounts of advisory personnel accounts are managed by Evergreen Capital Management and, as result, treated as client accounts. We have established procedures for dealing with insider trading, employee-related accounts, "front running" and other issues that present a potential conflict when

buy/sell recommendations are made. These procedures include reviewing employee security transactions and holdings to eliminate, to the extent possible, the adverse effects of potential conflicts of interest on clients.

## **Brokerage Practices (Item 12)**

*This section of the brochure describes how we recommend broker-dealers for client transactions.*

Evergreen Capital Management does not maintain custody of your assets that we manage, although we are deemed to have custody of your assets if you give us authority to debit management fees from your account (see Custody (Item 15), below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank.

We recommend clients establish custodian and brokerage accounts with Charles Schwab & Co. (referred to in this section as “Schwab”), or Pershing Advisor Solutions, an affiliate of Pershing LLC (“Pershing”). The custodians selected by clients in the vast majority of cases are Schwab, or Pershing. Not all advisers recommend, request, or require their clients to direct brokerage to particular broker-dealers. If you direct brokerage, Evergreen may be unable to achieve most favorable execution and this practice may cost you more money. For example, if you select a broker other than Schwab, or Pershing, you will not be able to participate in aggregated or block trades placed by us through Schwab, ~~TD Ameritrade~~, and Pershing. Please carefully read Items 12 and 14 in this brochure for specific disclosures and information about each custodian.

### How We Select Brokers/Custodians

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, ETFs, etc.)
- Availability of investment research and tools that help us make investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us

### **Factors Considered When Recommending Schwab as Your Qualified Custodian and Broker-dealer for Investment Management Services**

One of our recommended custodians is Schwab, a registered broker-dealer, Member SIPC. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to.

While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we can help you do so. Even though your account is maintained at Schwab, we can still use other brokers to execute certain trades for your account as described below (see “Your Brokerage and Custody Costs”).

#### **Your Brokerage and Custody Costs**

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker- dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most, if not all, equity trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades if you have chosen Schwab as your custodian. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select Brokers/Custodians”). We evaluate execution at Schwab and other broker-dealers periodically, but no less frequently than annually.

#### ***Services That Benefit You***

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit you and your account.

#### ***Services That Do Not Directly Benefit You***

Schwab also makes available to Evergreen other products and services that benefit us. These products and services assist us in managing and administering the accounts of our clients custodied at Schwab, which indirectly benefits such accounts. These products and services include investment research, both Schwab’s own and that of third parties. We typically use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology for accounts custodied at Schwab that:

- Provides us with access to client account data (such as duplicate trade confirmations and account statements)
- Facilitates Evergreen’s trade execution and allocation of aggregated trade orders for multiple client accounts
- Provide Evergreen with pricing and other market data
- Facilitates payment of our fees from our clients’ accounts held at Schwab
- Assists us with back-office functions, recordkeeping, and client reporting

#### ***Services That Generally Benefit Only Us***

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession

- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab has in the past and may in the future discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab also provides us with other benefits, such as occasional business entertainment of our personnel.

As described below under Item 14, Schwab also provides Evergreen with client referrals. This referral arrangement creates a conflict of interest in Evergreen's recommendation of Schwab as a custodian and broker for client accounts, but Evergreen considered a variety of factors in addition to the referral relationship, including the quality and cost of services provided to clients, before recommending Schwab to clients.

#### Our Interest in Schwab's Services

The availability of these services from Schwab benefits Evergreen because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum could give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How We Select Brokers/Custodians") and not Schwab's services that benefit only us. Evergreen ultimately addresses this conflict of interest by permitting clients to choose their broker from among different choices that include Schwab.

#### **Factors Considered When Recommending Pershing as Your Qualified Custodian**

Evergreen Capital Management has entered into a relationship with Pershing to provide custodial and other related services to Evergreen's clients if you elect to use Pershing as your custodian. Evergreen is not affiliated with Pershing. Pershing will hold your assets in a brokerage account and buy and sell securities when we instruct them to if you choose to enter into an agreement with Pershing. If you elect to use Pershing as your custodian, you will open your account with Pershing by entering into an account agreement directly with them. We do not open the account for you, although we can help you do so. Even though your account is maintained at Pershing, we can still use other brokers to execute trades for your account as described below (see "Your Brokerage and Custody Costs"), although we typically execute most, if not all, of your equity trades through Pershing if you are using Pershing as your custodian.

#### Your Brokerage and Custody Costs

For our clients' accounts that Pershing maintains, Pershing generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Pershing account. In addition to commissions, Pershing charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Pershing account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Evergreen will seek to achieve "best execution" on all client trades for accounts that are custodied at Pershing, but we acknowledge that for certain types of client accounts, a majority of trades will be executed through other brokers if, in Evergreen's estimation,

the other broker is able to offer better execution quality or Pershing is unable to execute certain types of transactions. Evergreen's decision to trade with brokers other than Pershing will result in higher commission or ticket charges than would otherwise be paid if Pershing executed such trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How We Select Brokers/Custodians"). We evaluate execution at Pershing and other broker-dealers periodically, but no less frequently than annually.

#### Products and Services Available to Us From Pershing

Pershing provides Evergreen with access to its institutional brokerage services—trading, custody, reporting, and related services—many of which are not typically available to Pershing retail customers. Evergreen is required to maintain \$100 million of client assets custodied with Pershing or we will be charged a quarterly platform fee for the use of Pershing's institutional brokerage services.

#### ***Services That Benefit You***

Pershing has in the past provided a rebate of up to \$100 to certain clients within an initial six-month period of time to compensate such clients for changing their selected broker to Pershing. This rebate is provided by Pershing and will be reduced or discontinued at Pershing's discretion and is dependent on the overall level of Evergreen client assets custodied at Pershing. Evergreen is not able to determine whether clients will receive the rebate as such decision is made entirely by Pershing.

#### ***Services That Do Not Directly Benefit You***

Pershing also makes available to Evergreen other products and services that benefit us. These products and services assist us in managing and administering the accounts of those clients that choose Pershing as their custodian, which indirectly benefit such clients. For example, Pershing makes available software and other technology for accounts custodied at Pershing that:

- Provides us with access to client account data (such as duplicate trade confirmations and account statements)
- Facilitates Evergreen's trade execution and allocation of aggregated trade orders for multiple client accounts
- Provides Evergreen with pricing and other market data
- Facilitates payment of our fees from our clients' accounts held at Pershing
- Assists us with back-office functions, recordkeeping, and client reporting

#### Our Interest in Pershing's Services

The availability of these services from Pershing benefits Evergreen because we do not have to produce or purchase them. We do not have to pay for Pershing's services so long as our clients collectively keep a total of at least \$100 million of their assets in accounts at Pershing. Beyond that, these services are not contingent upon us committing any specific amount of business to Pershing in trading commissions or assets in custody. The \$100 million minimum gives us an incentive to recommend that you maintain your account with Pershing based on our interest in receiving Pershing's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Pershing as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Pershing's services (see "How We Select Brokers/Custodians") and not Pershing's services that benefit only us. Evergreen ultimately addresses this conflict of interest by permitting clients to choose their broker from among different choices that include Pershing.

### Other Pershing Services

Evergreen's agreement with Pershing provides Evergreen with the ability to refer Evergreen's clients to Pershing or an affiliate of Pershing for securities-based or residential mortgage loans. To the extent Evergreen elects to refer clients to Pershing for such purpose, Evergreen will not receive any compensation from Pershing. Evergreen will only refer clients to Pershing for financing-related services to the extent such services are requested by clients, and we acknowledge that clients have multiple options when pursuing financing and are under no obligation to use financing services provided through this referral relationship with Pershing.

### Order Aggregation

When possible, Evergreen will combine or "batch" orders for the same security if, in Evergreen's reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to clients based on an evaluation that they will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. The Company effects batched transactions in a manner designed to ensure that no participating client, including any proprietary account, is favored over any other client. Subject to a custodian's limitations, each client that participates in a batched transaction will participate at the average share price with respect to that batched order. Securities purchased or sold in a batched transaction are allocated pro-rata, when possible, to the participating client accounts in proportion to the size of the order placed for each account. Evergreen generally will, however, increase or decrease the amount of securities allocated to each account if necessary to avoid holding odd-lot or small numbers of shares for particular clients. Additionally, if Evergreen is unable to fully execute a batched transaction and the Company determines that it would be impractical to allocate a small number of securities among the accounts participating in the transaction on a pro-rata basis, the Company will allocate such securities in a manner determined in good faith to be a fair allocation.

When a transaction is effected over multiple days, Evergreen will typically select accounts to participate in the transaction on a given day based on random allocation, with employee accounts typically participating in the last day of trading. There may be circumstances where ECM determines that it is more appropriate to allocate the filled portion of a multi-day transaction on a pro rata basis. For example, Evergreen may elect to allocate any filled shares on a pro rata basis in situations including, but not limited, when Evergreen is able to fill a meaningful portion of the overall trade amount in a particular day or if Evergreen believes there is some risk that the Company may not be able to fill the outstanding amount.

A client's choice of custodian will typically limit Evergreen's ability to batch such client's trades with other clients that use different custodians. Thus, trades for accounts custodied at each custodian, including Schwab, TD Ameritrade, and Pershing, will generally be executed at different times and different prices than trades for our other accounts that are executed at other broker-dealers.

### Cross Trades

"Cross-trading" involves the purchase and sale of securities between accounts managed by the Company or its affiliates. Occasionally, Evergreen utilizes cross trades when it specifically deems the practice to be advantageous for each participant. Cross-trading can benefit the accounts involved by eliminating or minimizing transaction and market impact costs associated with obtaining or disposing of a portfolio security. Cross-trades in which Evergreen has engaged, and any cross-trades in which Evergreen engages in the future, have been and will be effected in accordance with procedures designed to ensure that any cross- trades between accounts managed by Evergreen are consistent with its obligation to achieve "best execution" for its clients and that no client is disfavored by cross-trading. Evergreen will not receive any fees or compensation in connection with cross-trading. Evergreen will not effect cross-trades with clients that are "plan assets" for purposes of ERISA. In addition, Evergreen does not engage

in cross transactions involving Employee accounts.

### **Trade Errors Policy**

Evergreen does occasionally make an error in submitting a trade order on your behalf. If an investment gain results from an error caused by Evergreen, the gain will be treated in accordance with each custodian's trade error policy as each broker-dealer used to execute client trades typically has distinct trade error policies. If a loss occurs due to an error caused by Evergreen, such loss will not be borne by the client. Evergreen Capital Management will pay for the loss.

## **Review of Accounts (Item 13)**

*This section of the brochure describes how often client accounts are reviewed and by whom.*

### **Reviews**

For clients managed by Evergreen's Bellevue office, our advisory associates who are primarily responsible for maintaining client relationships perform reviews of all investment advisory accounts for consistency with client investment objectives no less than quarterly. Additionally, the Co-Chief Investment Officer or his designee reviews all accounts for conformity with the appropriate model portfolio(s) on a quarterly basis. For clients managed by Evergreen's San Francisco office, the Investment Committee will review your advisory account no less frequently than quarterly. For clients of both locations, additional reviews will typically be triggered by changes in a client's personal, tax, or financial status, sale of a security outside the selected model, cash added or withdrawn from an account, or fixed income to equity ratio balancing. Macroeconomic and company-specific events can also trigger reviews.

A small subset of accounts are reviewed on a monthly basis by their advisory associate and trades are placed in these accounts at the time of such review due to tax sensitivity or other specific requests made by such clients. These clients generally will receive different prices for the same investments compared to other clients whose accounts are traded more frequently.

Financial plans are reviewed only upon request unless you retain us to update the plan on a continuous basis.

### **Reports**

We have arranged for your independent qualified account custodian, typically Schwab, ~~TD Ameritrade~~, or Pershing, to prepare and distribute monthly account statements directly to you, although Pershing will not provide monthly statements if your account has no transactions during the month and will instead provide quarterly statements. These account statements describe all activity in your accounts including account holdings, transactions, and investment advisory fees deducted from the account. We also provide quarterly reports to investment management clients. We recommend you compare our report to the statements provided by the custodian. If you have any questions please contact us.

## **Client Referrals and Other Compensation (Item 14)**

*This section of the brochure discloses our arrangements with people who are compensated for referring us business.*

### **Referral Relationships with Solicitors**

Evergreen Capital Management has in the past entered into written arrangements where it will pay individuals or entities not associated with us for successful referrals of new clients, although the only such

arrangements that are currently in place are with Schwab as described below. The money paid pursuant to these arrangements is a portion of the investment advisory fees that the new client pays us. Because these non-associated entities receive payment for successful referrals, a conflict of interest exists between prospective clients and the referrer. The compensation arrangement between Evergreen Capital Management and the referrer is disclosed to prospective clients before they enter into an investment advisory relationship with us.

### **Referral Relationship with Charles Schwab & Co., Inc.**

Evergreen Capital Management receives client referrals from Schwab through our participation in Schwab Advisor Network ("the Service"). The Service is designed to help investors find an investment adviser. Schwab does not supervise us and has no responsibility for our management of client portfolios or our other advice or services. We pay Schwab fees to receive client referrals through the Service. Our participation in the Service raises potential conflicts of interest described below.

We pay Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by us is a portion of the fees the client pays us or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee (not to exceed 0.25% of the market value of the client's account per year). We pay Schwab the Participation Fee for as long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Evergreen Capital Management quarterly and can be increased, decreased, or waived by Schwab from time to time. The Participation Fee is paid by us and not you. We have agreed not to charge clients referred through the Service fees or costs greater than the fees or costs we charge clients with similar portfolios who were not referred through the Service.

We generally pay Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from, Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees we generally would pay in a single year. Therefore, we have an incentive to recommend that client accounts be held in custody at Schwab. The Participation and Non-Schwab Custody Fees will be based on assets in the accounts of our clients who were referred by Schwab and those referred clients' family members living in the same household. Therefore, we have an incentive to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit our fees directly from the accounts.

## **Custody (Item 15)**

*This section of the brochure encourages you to check the statements sent to you by your account custodian to ensure the accuracy of the fee calculation.*

### **Fee Debiting**

Your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for



accuracy.

We will also provide statements to you reflecting the amount of the advisory fee deducted from your account. You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, contact us immediately at the telephone number on the cover page of this brochure.

### **Private Investment Companies**

We serve as the investment adviser and are affiliated through common ownership to several private funds in which you may be solicited to invest. The Funds are offered to certain sophisticated investors, who meet certain requirements under applicable state and/or federal securities laws. Investors to whom the Fund is offered will receive a private placement memorandum and other offering documents. The fees charged by the Fund are separate and apart from our advisory fees. You should refer to the offering documents for a complete description of the fees, investment objectives, risks and other relevant information associated with investing in the Fund. Persons affiliated with our firm may have made an investment in the Fund and may have an incentive to recommend the Fund over other investments.

In our capacity as investment adviser to the Funds and resulting from our affiliation with the general partner of the Funds, we will have access to the Fund's funds and securities, and therefore have custody over such funds and securities. We provide each investor in the Fund with audited annual financial statements. If you are a Fund investor and have questions regarding the financial statements or if you did not receive a copy, contact us directly at the telephone number on the cover page of this brochure.

### **Standing Letter of Authorization**

Our firm, or persons associated with our firm, may effect wire transfers from client accounts to one or more third parties designated, in writing, by the client without obtaining written client consent for each separate or individual transaction, as long as the client has provided us with written authorization to do so. Such written authorization is known as a Standing Letter of Authorization. An adviser with authority to conduct such third party wire transfers has access to the client's assets, and therefore has custody of the client's assets in any related accounts.

However, we do not have to obtain a surprise annual audit, as we otherwise would be required to by reason of having custody, as long as we meet the following criteria:

1. You provide a written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. You authorize us in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. Your qualified custodian verifies your authorization (e.g., signature review) and provides a transfer of funds notice to you promptly after each transfer;
4. You can terminate or change the instruction;
5. We have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. We maintain records showing that the third party is not a related party to us nor located at the same address as us; and
7. Your qualified custodian sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

We hereby confirm that we meet the above criteria.

### **Co-Trustees 401(k) Profit-Sharing Plan**

Employees of our firm serve as co-trustees to our 401(K) profit-sharing plan. In addition we serve as the investment adviser to the 401(K) profit-sharing plan. The Custody Rule imposes certain requirements on registered investment advisers that are deemed to have custody of client funds or securities as described above. An independent public accountant conducts a surprise annual verification of the ECM's 401(K) profit-sharing plan, as required under the Custody Rule.

### **Trustee Services**

Persons associated with our firm serve as trustee to certain accounts for which we provide investment advisory services. Their capacity as trustee gives our firm custody over the advisory accounts for which the individual serves as trustee. These accounts will be held with a bank, broker-dealer, or other qualified custodian and will be subject to a surprise annual verification as required by the Custody Rule.

## **Investment Discretion (Item 16)**

*This section of the brochure discloses the power we have to make trades in your account.*

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement and the appropriate trading authorization forms. You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

Non-discretionary advisory agreements are considered on a case-by-case basis.

## **Voting Client Securities (Item 17)**

*This section of the brochure explains our proxy voting policy and your ability to get proxy voting information from us.*

### General Proxy Voting Policy

Evergreen Capital Management has adopted a written policy regarding the voting of client proxies that is designed to ensure that we fulfill our fiduciary obligation to you and our other clients to monitor corporate actions and vote client proxies.

If a client has not provided specific voting instructions, Evergreen will generally vote with management unless the Investment Committee determines to vote otherwise on a specific proxy, which they may do on a case-by-case basis based on their consideration of what is in the best interest of ECM's clients. Evergreen Capital Management uses a third party service, Broadridge Financial Solutions, Inc., to facilitate proxy voting and tracking for securities held in accounts that we directly manage.

If a material conflict of interest presents itself, we will follow the procedures outlined in Evergreen's proxy voting policies, including taking steps such as notifying the affected clients, refraining from voting the respective shares, relying on the recommendation of an independent third party, or contacting legal

counsel for further guidance. We will vote proxies in a way that we believe is in the best interest of our clients, and we typically vote all proxies, although Evergreen is permitted to determine in certain situations that refraining from voting is in the client's best interest.

Items not specifically addressed in Evergreen's proxy voting policy will be dealt with on a case-by-case basis by Evergreen Capital Management.

If you have granted us the power to vote proxies on your behalf, and you wish to direct us to vote your proxy for a particular solicitation or issue, you should contact us in writing clearly explaining how you would like us to vote on your behalf. You can obtain a copy of our proxy voting policy and procedures by contacting us directly.

We can also provide you with information on how we voted on a specific proxy item on request. Requests should identify the security and the proxy item in writing to assure they are clearly understood and submitted to the following person:

Wyatt Hay  
Chief Compliance Officer  
Evergreen Capital Management  
1412 112<sup>th</sup> Ave NE, Suite 100  
Bellevue, WA 98004  
Telephone: 425-467-4600

The responsibility for voting proxies for securities held in accounts not under our direct management, i.e., proxies for securities held in accounts managed by another unaffiliated investment adviser, rests with such other investment adviser.

#### Class Action Policy

Evergreen has appointed an unaffiliated third party, Chicago Clearing Corporation ("CCC"), to provide class action litigation monitoring and securities claim filing services on behalf of clients who do not opt-out of this service. You can opt-out of CCC's service at any time by completing a Class Action Claim Opt-Out Form ("Form") and returning it to Evergreen. The Form and a letter describing CCC's service further are provided to you when you enter into a new advisory agreement with Evergreen or available upon request by contacting the Chief Compliance Officer at the address or telephone number noted above. You do not need to return any form if you choose not to opt-out of this service.

For clients who do not opt-out of CCC's service, CCC will monitor each claim you have, collect the applicable trade history (transactions and positions) and documentation (beneficial owner information such as account name and tax identification), interpret the terms of each settlement, file the appropriate claim form, interact with the administrators and distribute your award on your behalf. CCC charges a contingency fee of 17.5%, which is subtracted from your award at the time of payment. Evergreen will be required to provide private information to CCC to assist with its class action suit research. You will also waive your right to pursue separate litigation against any and all defendants, where CCC has filed a securities class action claim on your behalf.

For clients who choose to opt-out of CCC's service, Evergreen will not participate in class actions on your behalf. You are not precluded from contacting Evergreen for advice or information about a particular class action, but the obligation to participate shall rest with you. If you have opted out but wish to utilize CCC's services at a later date, please contact us for further assistance.

## **Financial Information (Item 18)**

*This section of the brochure is where investment advisers that collect more than \$1200 in fees per client, six months or more in advance, would include a balance sheet.*

Evergreen Capital Management is not aware of any circumstance that is reasonably likely to impair our ability to meet contractual commitments to you or our other clients. We do not require pre-payment of investment advisory fees of greater than \$1200 more than six months in advance.