



# SVB ASSET MANAGEMENT

## Form ADV Brochure

### **SVB Asset Management**

505 Howard Street, 3rd Floor  
San Francisco, California 94105

### **Contact Information:**

Lauri Moss

President

SVB Asset Management

Email: [lmoss@svb.com](mailto:lmoss@svb.com)

Telephone: 866-719-9117

Website Address: [www.svb.com/assetmanagement](http://www.svb.com/assetmanagement)

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This brochure provides information about the qualifications and business practices of SVB Asset Management. If you have any questions about the contents of this brochure, please contact us at 866-719-9117 or at [lmoss@svb.com](mailto:lmoss@svb.com). The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about SVB Asset Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

SVB Asset Management is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser's skill or expertise. Moreover, registration does not imply that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its clients.



## **Item 2**

### **Material Changes**

There have been no material changes since the last annual update of the brochure dated March 30, 2017.

## **Item 3**

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## **Item 4**

### **Advisory Business**

SVB Asset Management is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”) under the Advisers Act. SVB Asset Management was incorporated in the state of California in April 2002 and became registered as an investment adviser with the SEC in January 2003.

SVB Asset Management is a wholly-owned subsidiary of Silicon Valley Bank (“SVB”), a California state-chartered bank and a member of the Federal Reserve System. SVB is the principal banking subsidiary of SVB Financial Group, a publicly-held bank holding company.

SVB Asset Management’s clients are primarily innovation companies in the technology and life science/healthcare industries, as well as private equity/venture capital firms, many of which invest



in the firm's innovation company clients. The technology clients tend to be in the industries of hardware (such as semiconductors, communications, data storage, and electronics); and software and internet (such as infrastructure software, cybersecurity, applications, software services, digital content and advertising technology); and energy and resource innovation. The life science and healthcare clients tend to be in the industries of biotechnology, medical devices, healthcare information technology and healthcare services. SVB Asset Management's clients are of various sizes and stages, from early stage to publicly held companies.

SVB Asset Management provides discretionary investment management services for substantially all clients, managing clients' portfolios based on their investment policies, strategies and objectives. The eligible investments SVB Asset Management buys and sells on behalf of its clients are comprised of, but not limited to, government securities, money market instruments, corporate and municipal bonds, and structured and mortgage products, according to the individual investment policy of the client. SVB Asset Management primarily utilizes the Corporate Cash Management Strategy and the Total Return Strategy, which are discussed in greater detail in Item 8 below.

Advisory services are tailored for each client based not only on the investment strategies identified above, but also on the client's investment policy and objectives, as well as its liquidity needs. Clients may also impose reasonable restrictions or limitations on the securities in which their assets are invested. For more information about investment strategies, see Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) below.

In order to meet certain strategic investment objectives of a client, SVB Asset Management may invest a client's assets as specifically directed by the client, however, these nondiscretionary, or client-directed arrangements are subject to the acceptance of SVB Asset Management as determined in its sole discretion.

As of December 31, 2017, SVB Asset Management managed \$28,754,729,667.95 of client assets on a discretionary basis.



## **Item 5**

### **Fees and Compensation**

#### **Account Fees**

SVB Asset Management typically charges clients an investment advisory fee based upon the value of the discretionary assets under management and does not have performance based account fees. The maximum fee schedule is as follows:

Total Discretionary Assets Under Management (Under Each Portfolio Investment Strategy)	Management Fee Applicable Rate* (Per annum)
Below \$50,000,000.00	0.15%
\$50,000,000.00 to \$99,999,999.99	0.12%
\$100,000,000.00 to \$149,999,999.99	0.10%
\$150,000,000.00 to \$199,999,999.99	0.08%
200,000,000.00 to \$299,999,999.99	0.06%
\$300,000,000.00 and over	0.04%

\* The Applicable Rate is determined based on the total discretionary assets under management in all SVB Asset Management accounts belonging to the client, including balances invested in money market funds or held in cash.

Fees for each portfolio investment strategy are calculated based on the average monthly asset balances under management at the Applicable Rate (noted above). The average monthly asset balances under management are determined by averaging the market value of the assets held in the account as of the last business day of the prior month and as of the last business day of the month billed. For purposes of this fee calculation, any balances held in money market funds or cash are excluded from the billable assets. The method of calculation and the applicable rates are subject to change, upon written notice to the client.

Fees, as calculated by SVB Asset Management, are accrued daily and deducted directly from clients' accounts on a monthly basis at or around the fifteenth (15th) business day of the following month, and are payable in arrears, unless otherwise specifically agreed upon. SVB Asset Management does not collect fees in advance from its clients. Upon termination of any account, any accrued but unpaid account fees through the date of termination of the account will become due and payable.

The fees described above are subject to change and may vary based on specific, separately-negotiated client situations, which may depend on various factors, including but not limited to market conditions, client investment objectives, investment strategies, the value of the assets under management, the client's relationship with SVB Asset Management and its affiliates. In negotiating the fees, it is possible that not all factors will be considered equally, resulting in higher fees for some clients as compared to others. SVB Asset Management may, in its sole discretion, waive or otherwise change the fee structure for certain clients, as determined on a case by case



basis. Certain clients of SVB Asset Management may also receive products or services from an SVB Asset Management affiliate at a discounted rate, or otherwise have fees and/or expenses for such products and services waived.

Fees for non-discretionary, or client-directed assets, if any, are separately negotiated with each client on a case by case basis, and are subject to the terms and conditions under a separate addendum.

SVB Asset Management does not charge any transaction or transfer-related fees, additional commissions, trading spreads, premiums, or other similar fees that would be in addition to the described below. The price or yield of securities acquired by SVB Asset Management on behalf of clients is the net purchase cost and no additional charges are applied.

### **Custodial and Brokerage Fees**

Assets managed by SVB Asset Management are held in custody by a third party custodian and clients may be subject to fees for custodial services charged by such third party custodians.

The primary custodian for client assets is U.S. Bank Institutional Trust & Custody ("U.S. Bank"). The annual fee typically charged to clients for assets held in custody by U.S. Bank is based on a percentage of the fair value of such assets held. The client's relationship with U.S. Bank is governed by a separate agreement, and all fees charged in connection with the custodial relationship should be disclosed by U.S. Bank.

Client assets may be held in custody with third party custodians other than U.S. Bank, subject to agreement by SVB Asset Management. Such assets may be subject to the custodial fees (including any minimum requirements), as charged by those custodians.

Clients do not incur any brokerage fees or costs. For more information, see Item 12 (Brokerage Practices) below.

### **Compensation**

SVB Asset Management receives compensation from certain third party fund distributors ("Fund Distributors") for performing certain services for them with respect to clients' investments in the Fund Distributors' affiliated funds. Under these arrangements, SVB Asset Management will typically receive a fee, based on the average balance of client assets directed into those funds in exchange for providing certain services on their behalf to clients, such as delivering certain communications to clients about the funds, providing customer identification programs, providing account information, responding to client inquiries and providing other client services. These services are provided to the Fund Distributors, not to clients, and fees are paid directly to SVB Asset Management by the Fund Distributors, not by their affiliated funds or by clients.



Because SVB Asset Management charges different levels of fees to clients and receives different levels of compensation from Fund Distributors, SVB Asset Management may be incentivized to dedicate increased resources and invest in more profitable investment opportunities for which SVB Asset Management receives higher total compensation.

These compensation arrangements may present certain conflicts of interest, as they may incentivize SVB Asset Management to recommend these funds based on the compensation it may potentially earn, instead of on client needs. To address this, SVB Asset Management routinely reviews the terms, including yields, offered by funds that are subject to a compensation arrangement. If SVB Asset Management determines that any of these funds are not aligned with its clients' investment policies or objectives, the firm will consider making alternative recommendations to clients as it deems appropriate. Clients have the ability to purchase these investments at another financial service company and receive potentially higher returns where the financial services company may not have these compensation arrangements.

SVB Asset Management has compensation arrangements with all of the money market funds it offers, as follows:

- Funds managed by J.P. Morgan Investment Management, Inc. ("JMIM") – The firm earns up to 0.20% per annum (based on the average daily balance of the market value of any client assets directed by SVB Asset Management into JMIM funds).
- Funds managed by J.P. Morgan Asset Management (Europe) S.à.r.l. ("JPMAME") - The firm earns up to 0.35% per annum (based on the average daily balance of the market value of any client assets directed by SVB Asset Management into JPMAME funds).
- Funds managed by U.S. Bancorp Asset Management, Inc. ("USB") (previously operating under the name FAF Advisors, Inc.) The firm earns up to 0.15% per annum (based on the average daily balance of the market value of any client assets directed by SVB Asset Management into USB funds). USB is affiliated with U.S. Bank, our primary custodian.

The above fees are payable by the Fund Distributors to SVB Asset Management on a monthly basis, in arrears.

SVB Asset Management personnel do not receive any direct compensation for the sale of securities or other investment products. In determining the amount, if any, of incentive compensation for its advisory personnel, SVB Asset Management will consider a variety of factors, including but not limited to, the amount of assets under management attributed to each individual employee. Such incentive compensation payable to SVB Asset Management personnel is not guaranteed and is generally paid on a discretionary basis after considering overall employee performance.



## **Item 6**

### **Performance-Based Fees and Side-by-Side Management**

SVB Asset Management does not charge any performance-based fees (or fees based on a share of capital gains).

## **Item 7**

### **Types of Clients**

SVB Asset Management's clients are primarily innovation companies in the technology and life science/healthcare industries, from early stage to more mature or established companies. The clients also include venture capital and private equity firms, many of which invest in the firm's innovation company clients. SVB Asset Management works closely with its clients' financial officers to carry out their investment objectives, which are typically focused on capital preservation, liquidity management and achievement of a competitive return.

SVB Asset Management generally requires a minimum investment balance of \$10 million to open an account. SVB Asset Management may waive or reduce these minimum requirements at its discretion.

## **Item 8**

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

#### **Method of Analysis**

SVB Asset Management employs an experienced and seasoned team, dedicated to portfolio management, credit research and investment analysis. SVB Asset Management utilizes both top-down and bottom-up portfolio management approaches. The top-down approach involves analysis of macro-economic and market trends by the collective SVB Asset Management team, consisting of portfolio managers, credit analysts, investment personnel and other senior members of management. The team meets on a regular basis to formulate general asset allocation recommendations and portfolio investment strategy, and to assess market conditions and overall portfolio performance and risks. The bottom-up approach involves ongoing management of each client portfolio against the broader team's recommendations, yet is customized based on the client's specific objectives, risk tolerance and selected investment strategy.

SVB Asset Management's investment process includes quantitative and qualitative analysis using its own and third-party proprietary systems and methods. SVB Asset Management may also use widely available public information and economic data to determine asset allocation and duration targets. The team researches and analyzes all investments recommended to clients. The credit research generally includes, among other things, conducting extensive credit analysis of the issuer and the applicable industry or sector, as well as reviewing selected financial publications, corporate rating agency reports, prospectuses, certain issuer filings with the SEC or press releases,



independent third-party research and other material items that might be relevant. Additionally, investments are subject to ongoing credit surveillance.

## **Investment Strategy**

Depending on its clients' needs, SVB Asset Management offers two primary investment strategies:

- **Corporate Cash Management Strategy** – The emphasis is on a “buy-and-hold” strategy with primary investment objectives of: (i) preserving capital, (ii) maintaining adequate liquidity, and (iii) generating current income. Each client portfolio is customized to manage to the client's overall investment objectives, as the firm seeks to structure investments to fit the client's business needs. The client investment performance is generally benchmarked against indices with durations between three and twelve months. Examples of these indices may include the Merrill Lynch Three-Month U.S. Treasury Bill Index, Merrill Lynch Six-Month U.S. Treasury Bill Index, the Barclays Capital Short-Term Government/Corporate Bond Index, the Merrill Lynch One-Year U.S. Treasury Note Index and the Merrill Lynch 1-3 Year U.S. Corporate and Government Index.
- **Total Return Strategy** – The emphasis is primarily to seek opportunities to grow the value of the client's portfolios, subject to each client's investment needs, risk tolerance, and overall objectives, specifically for clients that may have minimal short-term cash needs and may seek to maximize total return on their portfolios, while still focusing on capital preservation, and liquidity management for their corporate cash. Client assets are actively managed to seek longer-term performance above an agreed-upon benchmark, and thus, trading may occur more frequently resulting in higher portfolio turnover rates. The client investment performance is generally benchmarked against indices with longer durations, although shorter indices may also be used, typically one-three years, one-five years or one-seven years. Examples of these indices may include the Merrill Lynch U.S. Corporate and Government Index (1-3 years), the Merrill Lynch U.S. Corporate and Government Index (1-5 years), and the Merrill Lynch U.S. Corporate and Government Index (1-7 years).

Client portfolios are managed based upon their investment policies, which generally include their investment objectives, as well as any reasonable investment restrictions or limitations. SVB Asset Management will also consult with its clients to determine their desired benchmark for returns unless it is specified in the investment policy. The benchmark serves as a starting point to design an investment portfolio and as a guide toward how the portfolio should be managed on an ongoing basis.

## **Risks**

All investments are subject to various risks that are borne by investors, including risk of loss. Such risks depend on the type of investment securities, as well as the investment strategy employed. These risks include, but are not limited to, the following:



- **Collateral Risk:** The impairment of the value of the collateral underlying certain asset-backed securities may adversely affect the value of the securities.
- **Concentration Risk:** It is possible for a portfolio to become too concentrated at the security type, sector, issuer, or duration levels. This scenario could occur, but is not limited to when excess cash is withdrawn from a portfolio. This could expose the portfolio to higher portfolio volatility than a more diversified portfolio might experience.
- **Counterparty Risk.** The counterparties with whom SVB Asset Management invests or may do business, or to which securities have been entrusted for custodial purposes, may encounter financial and/or operational difficulties which may impact their ability to trade, maintain or otherwise service clients' security positions.
- **Credit Risk.** The underlying value of the securities, specifically debt securities (including collateral purchased in connection with repurchase transactions), may decline as a result of certain events, such as if the issuer or guarantor defaults on its obligations in any material manner, or if the issuer's credit rating is materially downgraded. Additionally, for client accounts in which funds are held in certificates of deposit of FDIC insured institutions, the standard deposit insurance amount is, as of the date of this brochure, \$250,000 per depositor, per insured bank, for each account ownership category. Clients need to consider all other deposits held in an FDIC insured bank in addition to FDIC insured investment through SVB Asset Management to determine the availability of FDIC insurance.
- **Cyber Security Risk:** Due to the increased use of technology in our business and the financial services industry in general, we are susceptible to cyber security risks, such as operational, financial, and information security risks, which include, but are not limited to, theft, misuse, unauthorized access to accounts or other data, destruction or corruption of data, and causing disruption to systems, networks, devices and applications relating to our operating systems or that of our service providers. Such cyber security issues could result in financial losses, an inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, compliance and remediation costs, reimbursement, or other costs or expenses. Although we employ certain measures to mitigate this risk, there can be no guarantee that such measures will be effective in preventing cyber security risk or an attack from occurring.
- **Financial Services Industry Risk.** A portion of client assets is invested in the obligations of banks and other financial services companies. As such, these investments are subject to various risks generally associated with the financial services industry, such as credit risk, interest rate risk and industry-related regulatory developments.
- **Interest Rate Risk.** The underlying value of the securities, specifically debt securities, may decline as interest rates rise.

- **Liquidity Risk.** Clients may not be able to sell the securities in a timely manner or at a desired price because of a lack of demand or a lack of market.
- **Market Risk.** Market events or other external factors, including geopolitical, economic and social conditions, may impact the price of a security or a bond.
- **Money Market Fund Risk.** Although money market funds seek to preserve the value of clients' investment at \$1.00 per share, the share price may trade above or below \$1.00 as a result of but not limited to changes in credit quality, interest rate, general market risk, large client purchases or redemptions, redemption restrictions or pressures, and other similar events. The SEC has amended relevant rules to address any potential instability that could be caused by money market funds. These amendments:
  - Established three categories of money market funds, retail, government and institutional.
  - Restricts who can invest in retail money market funds,
  - Continues to seek a stable \$1.00 net asset value ("NAV") for retail and government funds, but requires institutional funds to have floating NAVs like other mutual funds.
  - Allows certain funds to impose liquidity fees and temporarily suspend withdrawals (known as gates) in certain circumstances.
- **No Assurance of Investment Returns or Principal Preservation.** SVB Asset Management cannot assure clients that investments will generate any returns or that principal balances will be preserved. Investments in securities (including money market funds) are generally subject to a variety of risks, including interest rate risks, credit risks and general market risks, and therefore any actual returns that are generated are inherently unpredictable. The firm cannot provide any assurance or guarantee that principal balances will be preserved or that client investments will generate returns that will be commensurate with clients' expectations, their investment objectives or investment strategies.
- **Portfolio Management Risk.** Each client portfolio is subject to management risk, especially actively managed client portfolios under the Total Return Strategy where trading activity typically occurs more frequently than under the Corporate Cash Management Strategy. SVB Asset Management may engage in more frequent trading for its Total Return Strategy in order to manage duration, sector diversification, yield curve and credit quality with the goal of outperforming its stated benchmark. In general, regardless of the investment strategy, all clients' portfolios are subject to the risk that SVB Asset Management will make investment decisions that will not produce the desired results and may have an adverse effect on clients' investment portfolio performance. In some cases, certain investments may be unavailable, or certain investments may not be selected by SVB Asset Management or sold prematurely by SVB Asset Management because of market conditions

or for any other reason, when in retrospect, holding those investments could have been beneficial to the portfolio.

- **Prepayment risk and extension risk.** The principal on mortgage-backed securities, other asset-backed securities or any debt security with an embedded call option may be prepaid at any time, which could reduce yield and market value. The rate of prepayments tends to increase as interest rates decline, which could cause the average maturity of the portfolio to shorten. Extension risk may result from a rise in interest rates, which may make mortgage-backed securities, asset-backed securities and other callable debt securities more volatile.
- **Price Volatility Risk.** The value of client portfolios are subject to change based on the pricing of investments.
- **Reinvestment Risk.** Future proceeds from investments may have to be reinvested at a potentially lower rate of return.
- **U.S. Government Securities Risk.** Securities such as U.S. Treasury or Ginnie Mae are backed by the full faith and credit of the United States as to timely payment of interest and principal when held to maturity. Notwithstanding the full faith and credit backing, circumstances could arise that may reduce such securities' value. Securities issued or guaranteed by U.S. agencies such as Fannie Mae and Freddie Mac are not backed by the full faith and credit of the U.S. government, although they do provide certain guarantees and have special authority to borrow from the U.S. Treasury. No assurance can be given that the U.S. Government will provide financial support to its agencies if it is not obligated by law to do so. U.S. government securities also remain subject to market risk and interest rate risk.

Client investments may also be subject to other risks specific to certain securities, which are further described in the underlying prospectus or other disclosure statement from the issuer of those securities. Clients should carefully review all available disclosures of any securities.

Additionally, despite the affiliation with Silicon Valley Bank, client assets managed by SVB Asset Management are **not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency, entity, or person and may lose value.**

## **Item 9 Disciplinary Information**

There are no legal or disciplinary events relating to SVB Asset Management or any management person that are required to be disclosed under this Item.



## **Item 10**

### **Other Financial Industry Activities and Affiliations**

#### **SVB Affiliations**

SVB Asset Management is affiliated with SVB Securities, a broker-dealer firm and wholly owned subsidiary of Silicon Valley Bank. SVB Securities is a member of the Financial Industry Regulatory Authority ("FINRA"). The following senior management persons of SVB Asset Management are registered with FINRA through SVB Securities:

- Lauri Moss, President
- Ninh Chung, Head of Portfolio Management and Investment Strategy
- Kara Hackenburg, Chief Compliance Officer

Certain other SVB Asset Management employees are also registered with SVB Securities.

SVB Asset Management is not registered as a broker-dealer.

SVB Asset Management is also affiliated with SVB Wealth Advisory, Inc. ("SVB Wealth Advisory"), an investment adviser registered with the SEC. Ninh Chung is a member of the SVB Wealth Advisory Investment Committee. The types of advisory services and the client mandates that SVB Asset Management provides and offers are not expected to conflict or overlap materially with SVB Wealth Advisory's services and mandates. Nevertheless, certain inherent conflicts of interest may arise from SVB Asset Management's affiliation with SVB Wealth Advisory, including conflicting investment strategies.

SVB Asset Management is affiliated with certain other entities that may serve as general partners and/or investment advisers of investment funds ("SVB General Partners"). The types of advisory services and the client mandates that SVB Asset Management provides and offers are not expected to conflict or overlap materially with the investment programs of the SVB General Partners. SVB Asset Management could introduce clients to a SVB General Partner, although any introductions would not be a part of its discretionary investment advisory services to a client, SVB Asset Management and its advisory personnel would not be compensated for any such introduction, and any client that ultimately decided to invest with an SVB General Partner would do so at their discretion. Due to SVB General Partners' affiliation with SVB Financial Group, the firm may have an indirect interest in making client referrals to SVB General Partners.

SVB Asset Management may also introduce prospective clients to SVB, the parent of SVB Asset Management. Such introductions are not part of any discretionary investment advisory services to a client, and SVB Asset Management and its advisory personnel receive no compensation for such introduction. Due to SVB Asset Management's relationship with SVB, the firm may have an indirect financial interest in making such introductions.



In addition, SVB provides a variety of support services to SVB Asset Management including human resources, information technology, facilities, finance, legal and administrative support. SVB Asset Management does not believe such support services create a material conflict of interest with clients. SVB Asset Management may refer clients to SVB for banking products such as personal or business loans, cash sweep accounts and other products, and SVB may also invest in or otherwise have an ownership interest in certain SVB Asset Management clients. Clients who use SVB or affiliated products or services will be subject to the fees associated with such service charged by SVB or its affiliates. SVB Asset Management, as a wholly-owned subsidiary of SVB, may have an indirect interest to refer clients to SVB's banking products and other affiliated business groups. In addition, SVB may refer its clients to SVB Asset Management for investment advisory services.

## **Other**

SVB Asset Management utilizes the custodial services of U.S. Bank for client assets, for which U.S. Bank charges fees to clients. A client may request a different custodian, however, it is subject to SVB Asset Management's acceptance at its sole discretion.

SVB Asset Management provides clients monthly account statements through an electronic reporting platform provided by a third party provider, Clearwater Analytics, LLC ("Clearwater"). In addition, U.S. Bank mails hard copy statements to SVB Asset Management clients on a quarterly basis. Clients do not currently bear any of the costs for the Clearwater reporting platform.

SVB Asset Management may invest clients' assets in certain funds offered by First American Funds ("FAF"), which is affiliated with U.S. Bank. As noted above, SVB Asset Management earns compensation for client assets directed to money market funds managed by USB, an affiliate of our primary custodian, U.S. Bank. SVB Asset Management does not take such compensation into consideration in recommending USB funds to clients if the funds are aligned with clients' investment objectives.

## **Item 11**

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

SVB Asset Management has established and implemented a Code of Ethics (the "Code") pursuant to Rule 204A-1 under the Advisers Act, which applies to all supervised persons, including employees of SVB Asset Management ("Covered Persons"). The Code sets forth a standard of business conduct expected of all persons covered under the Code, including ethical standards and prohibitions of fraudulent, deceptive or manipulative conduct.

The Code emphasizes and implements fundamental governing principles SVB Asset Management personnel must adhere to in the course of their work for SVB Asset Management, including the duty to act at all times in the clients' best interests and the requirement to avoid any actual or potential conflicts of interest.



The Code sets forth prohibitions against the use of material non-public information. Covered Persons are prohibited from trading for themselves or others in any security while in possession of material non-public information relating to the issuer of such security, as well as disclosing such to anyone else. The Code also covers, among other things, policies on gifts and entertainment events, actual or potential conflicts of interest, and the protection of the confidentiality of client information and privacy.

Moreover, the Code covers prohibitions on insider trading and restrictions on personal securities transactions of employees. SVB Asset Management requires Covered Persons to receive prior written approval of certain personal transactions, such as purchasing securities through an initial public offering, a limited offering or private placement. Covered Persons may personally invest in the same or similar securities that are purchased on behalf of clients. The firm does not believe these personal investments pose any material conflict of interest issues for SVB Asset Management or its clients. Since SVB Asset Management buys and sells fixed income securities and money market funds on behalf of its clients which have characteristics such as large issue size and market liquidity, the firm does not believe such transactions for its clients results in market movements that could benefit, through front running or shadowing, Covered Persons for their personal accounts. SVB Asset Management does not allocate investments to any Covered Persons.

SVB Asset Management's policies require that Covered Persons disclose their personal securities holdings on a routine basis. The Compliance Department reviews these holdings for potential conflicts of interest and to ensure that the personal interests of Covered Persons do not interfere with clients' interests.

A copy of the Code of Ethics is available upon request to any client or prospective client. Requests should be directed to the contact listed on the cover page of this brochure.

SVB Asset Management may have an incentive to provide greater time, resources and investment opportunities that may be more favorable or turn out to become more favorable, to larger size clients who may pay a larger fee amount or to clients that have a significant relationship with SVB Asset Management and/or its affiliates

### **Other Activities of SVB Asset Management and its Affiliates**

SVB Asset Management may restrict its investment decisions and activities on behalf of clients in various circumstances, including, among other things, as a result of applicable regulatory requirements or potential reputational risk. As a result, SVB Asset Management might not engage in transactions for a client account in consideration of its activities outside of the client account. For example, SVB Asset Management may restrict or limit the amount of a client's investment in an investment opportunity that has limited availability so that other client accounts may be able to acquire an interest in the investment opportunity. In addition, SVB Asset Management and its employees are not permitted to obtain or use material non-public information in effecting purchases and sales in public securities transactions for client accounts. SVB Asset Management may also limit an activity or transaction on behalf of a client account, and may limit its exercise of



rights on behalf of the client account, for reputational or other reasons. SVB Asset Management may restrict its activities on behalf of particular client accounts and not others, based upon its reasonable discretion.

## **Item 12**

### **Brokerage Practices**

#### **Broker Dealers for Client Transactions**

SVB Asset Management is authorized to determine, without specific client consent, the broker or dealer to execute portfolio transactions. The broker and dealers are selected primarily based on pricing, reputation, integrity, financial strength and stability, efficiency of execution and error resolution, in addition to other relevant factors.

SVB Asset Management does not maintain any arrangements in which the firm utilizes research, research-related products, or other services obtained from broker-dealers or third-parties on a soft-dollar commission basis. SVB Asset Management derives its research through paid subscribed services, as well as through generally available public sources. The firm may also receive information from broker-dealers, some of whom execute transactions on behalf of SVB Asset Management, however, transactions are executed using reasonable best efforts to ascertain the best market price or yield for all securities bought and sold in the market, and not with any particular broker dealer based on any research or related products and services it may provide to the firm.

SVB Asset Management does not charge any brokerage costs, transaction or transfer-related fees, additional commissions, trading spreads, premiums, or other similar fees. The price or yield of securities acquired by SVB Asset Management on behalf of clients is the net purchase cost and no additional charges are applied. Clients may not direct their transactions to be executed by a particular broker-dealer, unless approved by SVB Asset Management. When directing their own trade, a client may not achieve the most favorable execution of its transactions and it may result in more costs to the client. SVB Asset Management does not select or recommend a particular broker-dealer based upon client referrals from that broker-dealer or other third party.

#### **Aggregation and Allocation of Clients' Orders**

SVB Asset Management may engage in trade aggregation practices among multiple clients to obtain volume discounts, to obtain more favorable pricing, to achieve trading efficiencies, and/or to obtain some benefit for clients as determined by SVB Asset Management. Such aggregation practices may result in more or less favorable execution of transactions for certain clients.

SVB Asset Management supervises trades and portfolio allocations for fairness among client accounts and account performance, and regularly conducts reviews of its trading practices and allocations.





Allocations of aggregated orders are determined at SVB Asset Management's sole discretion and are based on a variety of factors, including, but not limited to the following:

- Each client's investment policy, objectives, restrictions or other client-provided instructions;
- Each client's particular liquidity needs;
- Any need to rebalance or adjust the investment composition of the portfolio;
- The size and nature of the potential allocation;
- The extent the client's portfolio has been fully invested; and
- The availability of the subject securities.

Allocations are determined in good faith based on the foregoing and done in a manner that is not reasonably expected to result in an improper disadvantage/advantage to one participating client over another. Accordingly, allocations are not made on a pro-rata basis.

Should there be a lack of supply of a particular security for eligible portfolios, the transactions will be allocated in the manner as described above.

### **Item 13**

#### **Review of Accounts**

Each client account is internally reviewed by a SVB Asset Management Portfolio Manager on no less than a weekly basis. Periodic reviews may include, among other things, a review of overall performance of investments, a review of asset allocation changes in the portfolio, a determination of actual and expected liquidity needs of the account, a review for upcoming maturities and/or reinvestment planning. Account reviews may occur more frequently where there are changes in a client's liquidity needs, certain market events, as well as for client accounts under the Total Return Strategy which may be reviewed on a more frequent basis to ensure the portfolio is consistent with SVB Asset Management's investment strategy and each client's specific investment needs and objectives.

Clients have access to their monthly account statements through an electronic reporting platform provided by Clearwater. In addition, U.S. Bank mails hard copies of custodial statements to SVB Asset Management clients on a quarterly basis.





#### **Item 14**

##### **Client Referrals and Other Compensation**

SVB Asset Management may receive fees from certain Fund Distributors for client assets placed into the affiliated funds of these third-parties.

Neither SVB Asset Management, nor any of its affiliates or employees pay referral fees to independent persons or firms for introducing clients to it. However, certain personnel of SVB may refer clients to SVB Asset Management. While SVB personnel do not receive any direct incentive compensation for referrals made to SVB Asset Management, these referrals are among a variety of factors taken into consideration by SVB in awarding incentive compensation to its employees. Such incentive compensation is not guaranteed and it is generally paid on a discretionary basis by SVB.

#### **Item 15**

##### **Custody**

Client assets are held in custody by U.S. Bank (or other custodian designated by the client) under a separate custody agreement.

Clients have access to monthly account statements through an electronic reporting platform provided by Clearwater, in addition to hard copy quarterly statements mailed by U.S. Bank. Clients should carefully review these statements on a regular basis and compare the account statements from both Clearwater and U.S. Bank. Clients should report any errors or discrepancies in the statements to SVB Asset Management immediately.

#### **Item 16**

##### **Investment Discretion**

SVB Asset Management maintains investment discretionary authority to manage assets on behalf of substantially all of its clients pursuant to a discretionary account agreement, which is entered into between SVB Asset Management and each client. Under this agreement, SVB Asset Management is granted the complete and unlimited discretionary trading authorization on the assets of the client's account, subject to any reasonable restrictions or limitations imposed by the client and/or their investment policy. The account agreement may be terminated by either party upon at least five (5) business days' advance written notice.

On a case-by-case basis SVB Asset Management may invest a client's assets as specifically directed by the client, which are subject to the acceptance of SVB Asset Management as determined in SVB Asset Management's sole discretion.



## **Item 17**

### **Voting Client Securities**

Unless SVB Asset Management and a client have otherwise agreed, SVB Asset Management will typically vote any proxies it receives relating to assets held in client accounts, other than those received for nondiscretionary or client-directed assets. When voting client proxies, SVB Asset Management evaluates and votes client proxies in a manner consistent with what the firm believes is in the client's best interests, voting in a manner that maximizes shareholder value for all clients, and voting all client proxies the same way for each client, absent qualifying restrictions from a client.

SVB Asset Management's senior management may from time to time determine that refraining from voting a client proxy is in a client's best interest, such as when the cost of voting a client proxy exceeds the expected benefit to the client.

Should SVB Asset Management determine that a material conflict of interest exists in the voting of a client proxy, the matter will be reviewed by SVB Asset Management's senior management who will determine whether to give the affected clients an opportunity to vote their proxies themselves or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third party voting recommendation.

Clients may obtain information regarding how SVB Asset Management voted proxies for their account(s) or request a copy of the firm's proxy voting policy. Such requests should be directed to the contact listed on the cover page of this brochure.

## **Item 18**

### **Financial Information**

SVB Asset Management:

- Does not solicit prepayment or accept prepayment of fees from its clients;
- Has not been the subject of a bankruptcy petition at any time during the past ten years;
- Has discretionary authority over client accounts, however, there are no financial conditions that are likely to impair its ability to meet its contractual commitments to its clients.