

**SVB Asset Management Form ADV Part 2A**

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

Additional information about SAM also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number known as a CRD number. The CRD number for SAM is 124567.

SAM 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

The material changes contained in this brochure since the last annual update of our Form ADV Part 2A, dated as of March 31, 2011, are as follows:

1. As further described under Item 5 (Fees and Compensation) below, the primary custodian for our clients' assets, U.S. Bank Institutional Trust and Custody ("*US Bank*"), has implemented a new fee structure for all clients that utilize their custodial services, effective as of March 1, 2012. In addition, we have enhanced our disclosure regarding our compensation arrangements with certain third party fund distributors and service providers.
2. As further described under Item 17 (Voting Client Securities) below, we have updated our policy with respect to the voting of proxies received by SAM relating to assets held in our client accounts, other than client-directed assets. This update was previously reflected in our Form ADV Part 2A, dated as of September 30, 2011.

### Item 3

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#### Item 4

#### Advisory Business

SVB Asset Management (“**SAM**”) is a registered investment adviser with the SEC under the Advisers Act. We were incorporated in the state of California in April 2002. We began doing business in January 2003 when we registered with the SEC.

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

Our clients are primarily innovation companies in the technology and life science industries, as well as venture capital/private equity firms, many of which invest in our innovation company clients. Our technology clients tend to be in the industries of hardware (semiconductors, communications and electronics) and software and related services. Our life science clients tend to be in the industries of biotechnology and medical devices. Our clients are of various sizes and stages, from early stage to more mature or established companies.

We provide discretionary investment management services for substantially all of our company clients. We manage our clients’ portfolios based on their investment policies, strategies and objectives. Since our clients’ focus is typically on the preservation of capital, liquidity management and performance for their corporate cash, our emphasis is to protect principal while seeking to provide them with a competitive return. Hence, we generally invest our client assets in fixed income securities.

We tailor our advisory services for each client based on its investment policy and objectives, as well as its liquidity needs. Clients may also impose restrictions or limitations on the securities in which their assets are invested.

From time to time and on a case-by-case basis, in order to meet certain strategic investment objectives of our client, we may invest a client’s assets as specifically directed by the client. We manage these assets under the specific instructions of the client. These non-discretionary, or client-directed, investments are subject to the acceptance of SAM as determined in SAM’s sole discretion.

As of December 31, 2011, SAM managed \$9,996,388,275 of client assets on a discretionary basis, and \$1,047,005 of client assets on a non-discretionary basis.

## Item 5

## Fees and Compensation

### Fees

#### *Account Fees*

We charge our clients account fees based on the value of the discretionary assets under management. The fee schedule for our services is as follows:

<b>Total Discretionary Assets Under Management</b>	<b>Applicable Rate (Per annum)</b>
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 fees described above are subject to change and may vary based on specific, separately-negotiated client situations. SAM may, in its sole discretion, waive or otherwise change its fee structure for certain clients, as determined on a case by case basis.

Client fees are calculated based on the average monthly market value of the assets managed by SAM at the Applicable Rate (noted above), *excluding balances held in domestic money market funds or cash*. The average monthly market value is 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 domestic money market funds or cash are excluded.

Fees are deducted directly from clients' accounts on a monthly basis at or around the fifteenth (15<sup>th</sup>) business day of the following month, and are payable in arrears. We do not collect fees in advance from our clients.

We generally require a minimum investment of \$10 million to open an individually managed account. We may from time to time waive or reduce these minimum requirements at our discretion.

Upon termination of any account, any accrued but unpaid account fees through the date of termination of the account will become due and payable.

Fees for non-discretionary, or client-directed, assets, if any, are negotiated with each client on a case by case basis.

SAM does not charge any transaction or transfer-related fees, additional commissions, trading spreads, premiums, or other similar fees.

### *Custodial and Brokerage Fees*

Assets managed by SAM 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 our client assets is US Bank. Effective as of March 1, 2012, the annual fee charged to clients for assets held in custody by US Bank is 0.0075% (3/4 of 1 basis point) of the market value of such assets held. The fee is charged in arrears, and deducted from the client's account by the custodian, on a quarterly basis, based on the market value of the assets held as of the last day of the quarter. Additionally, the fee is subject to an annual minimum requirement of \$500, or \$125 per quarter, regardless of the balance of the account held in custody.

From time to time, client assets may be held in custody with third party custodians, other than US Bank. Such assets are subject to the custodial fees (including any minimum requirements), as charged by those custodians.

Our clients do not incur any brokerage fees or costs; however, if any such fees and costs were to be charged, they would be the responsibility of the client. For more information, see Item 12 (Brokerage Practices) below.

### Compensation

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

Because SAM charges different levels of fees to clients and receives different levels of compensation from Fund Distributors, SAM may be incentivized to dedicate increased resources and allocate more profitable investment opportunities to clients from which SAM receives higher total compensation. Clients have the ability to purchase these investments at another financial service company and receive potentially higher returns where they may not have these compensation arrangements.

These compensation arrangements may present certain conflicts of interest, as they may incentivize us to recommend these funds based on the compensation we may potentially earn, instead of on client needs. To address this, SAM routinely reviews the terms, including yields, offered by funds that are subject to a compensation arrangement with us. If we determine that any of these funds do not offer a competitive return or are not aligned with our clients' investment policies or objectives, we will make alternative recommendations to our clients as we deem appropriate.

We currently have compensation arrangements with all of the money market funds we offer, as follows:

- **Funds managed by U.S. Bancorp Asset Management, Inc. (“USB”)** – Depending on the fund, we earn up to 0.15% per annum (based on the average daily balance of the market value of any client assets directed by SAM into USB funds). USB is affiliated with US Bank, our primary custodian.
- **Funds managed by J.P. Morgan Investment Management, Inc. (“JMIM”)** – Depending on the fund, we earn up to 0.15% per annum (based on the average daily balance of the market value of any client assets directed by SAM into JMIM funds).
- **Funds managed by J.P. Morgan Asset Management (Europe) S.à.r.l. (“JPMAME”)** - Depending on the fund, we earn up to 0.25% per annum (based on the average daily balance of the market value of any client assets directed by SAM into JPMAME funds).

The above fees are payable to SAM on a monthly basis in arrears.

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

SAM does not charge any performance-based fees (or fees based on a share of capital gains on or capital appreciation of the assets of the client).

## **Item 7 Types of Clients**

Our clients are primarily innovation companies in the technology and life science industries, from early stage to more mature or established companies. Our clients also include venture capital and private equity firms, many of which invest in our innovation company clients. We work closely with our clients’ financial officers to carry out their investment objectives, which is typically focused on optimizing capital preservation, liquidity management and achievement of a competitive return.

SAM generally requires a minimum investment of \$10 million to open an individually managed account. We may from time to time waive or reduce this minimum requirement at our discretion.

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

### Method of Analysis

SAM employs an experienced and seasoned team, dedicated to credit research and investment analysis. Our team researches and analyzes all investments recommended to our clients. Our credit research generally includes, among other things, conducting extensive analysis of the issuer and the applicable industry or sector, as well as reviewing financial publications, corporate rating agency reports, prospectuses, 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 surveillance to monitor performance.

## Investment Strategy

SAM is a fixed income asset manager focused on managing the corporate cash portfolio of our clients. Since our clients' focus is typically on the preservation of capital, liquidity management and performance for their corporate cash, our emphasis is to protect principal while seeking to provide them with a competitive return. Accordingly, we primarily invest in fixed income securities. We seek to enhance short- and intermediate-term yields with a diversified portfolio of high quality fixed income securities.

We manage our clients' cash portfolios based on their investment policy statement and their desired benchmark for returns as determined by our clients. Our clients' investment policies generally include their investment objectives, as well as any investment restrictions or limitations. Additionally, unless specified in the investment policy, we will also consult with our clients to determine their desired benchmark for returns. The benchmark serves as a starting point for us to design an investment portfolio and guides us towards how the portfolio should be managed on a going forward basis.

## Risks

Client investments are subject to various risks, including the following risks that are generally applicable to our clients:

- *No Assurance of Investment Returns or Principal Preservation.* SAM 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. SAM cannot provide any assurance or guarantee that principal balances will be preserved or that client investments will generate returns that will be commensurate with our clients' expectations or their investment objectives.
- *Interest Rate Risk.* The underlying value or yield of the securities, specifically debt securities, may decline as interest rates rise.
- *Credit Risk.* The underlying value of the securities, specifically debt securities, may decline as a result of certain events, such as if the issuer defaults on its obligations in any material manner, or if the issuer's credit rating is materially downgraded.
- *Liquidity Risk.* Clients may not be able to sell the securities in a timely manner or at a desired price, or because of a lack of demand or a lack of market.
- *Price Volatility Risk.* The value of our client portfolios are subject to change based on the pricing of investments.
- *Financial Services Industry Risk.* We invest a significant portion of client assets 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.
- *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 fall below \$1.00 as a result of changes in credit quality, issuer default, redemption restrictions or pressures, and other similar events.
- *Asset-backed Securities Investment Risk.* The impairment of the value of the collateral underlying certain asset-backed securities may adversely affect the value of the securities.



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 SAM's affiliation with SVB, client assets managed by SAM are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency entity or person.

Item 9	Disciplinary Information
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There are no legal or disciplinary events relating to SAM that are required to be disclosed under this Item 9.

## Item 10 Other Financial Industry Activities and Affiliations

## SVB Affiliations

SAM is not registered as a broker-dealer.

SAM is affiliated with SVB Securities, a broker-dealer firm and wholly owned subsidiary of SVB. SVB Securities is a member of the Financial Industry Regulatory Authority (“**FINRA**”). The following management persons of SAM are FINRA-registered representatives through SVB Securities:

- Lauri Moss, President
- Jeff Schnitz, Managing Director
- Claire Grosjean, Chief Financial Officer
- Kara Hackenburg, Senior Investment Operations Manager
- Ninh Chung, Head of Portfolio Management
- Gary Utschig, Chief Compliance Officer/AML Officer

Certain other SAM employees are also securities-licensed with SVB Securities.

In addition, SVB, our parent company, provides a variety of support services to SVB Asset Management including human resources, information technology, facilities and administrative support.

## Other

SAM utilizes the custodial services of US Bank for client assets. From time to time, a client may request a different custodian, subject to SAM's acceptance at its sole discretion. As of the date of this brochure, one client is utilizing a custodian other than US Bank.

SAM and US Bank provide to our clients monthly account statements through an electronic reporting platform provided by a third party provider, Clearwater Analytics, LLC ("*Clearwater*"). While SAM is not

affiliated with US Bank, the costs associated with the reporting platform by Clearwater are borne in part by US Bank and in part by SAM. Our clients do not currently bear any of the costs for this reporting platform.

We may from time to time invest our clients' assets in certain funds offered by USB, which is affiliated with US Bank. (See Item 4 (Fees and Compensation) above.) We do not believe that our recommendation of USB funds and our cost-sharing arrangement with US Bank for our reporting platform pose a material conflict of interest. We will only recommend USB funds to our clients if we believe these funds offer competitive market yields and if they are aligned with our clients' investment objectives.

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

SAM has established and implemented a Code of Ethics (the “**Code**”) pursuant to Rule 204A-1 under the Advisers Act, which applies to all employees, including supervised persons, of SAM (“**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.

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

Our 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 communicating or sharing that information to anyone else. Our Code also covers our policy on giving or receiving gifts and entertainment in a business setting as well as protecting the confidentiality of client information and our privacy policy.

Moreover, our Code covers prohibitions on insider trading and restrictions on personal securities transactions of employees. SAM 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, from time to time, personally invest in the same or similar securities that are purchased on behalf of clients. We do not believe these personal investments pose any material conflict of interest issues for SAM. Since we purchase for our clients fixed income securities and money market funds that have large issue size and liquidity, we do not feel the purchase for our clients results in market movements that could be taken advantage of through front running or shadowing by our Covered Persons for their personal accounts. In addition, Covered Persons do not have SAM or SVBS accounts. They maintain their personal brokerage accounts at other third party firms. As such, SAM does not allocate investments to any Covered Persons. Any same or similar investments that a Covered Person might make would be separately executed in their personal accounts outside of SAM or SVBS.

SAM's policies require that Covered Persons disclose on a routine basis their personal securities holdings. 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 our clients' interests.

Our Code also contains provisions relating to, among other things, gifts and entertainment events that could create an appearance of impropriety or a potential conflict of interest, and the protection of the confidentiality of client information.

A copy of our 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.

### Item 12

## Brokerage Practices

### Broker Dealers for Client Transactions

Portfolio transactions are executed with broker dealers selected by SAM. Broker dealers are selected primarily based on pricing, reputation, integrity, financial strength and stability, efficiency of execution and error resolution, and other factors.

SAM does not have any arrangements in which we utilize research, research-related products and other services obtained from broker-dealers or third parties on a soft-dollar commission basis. We derive our research through paid subscribed services, as well as through generally available public sources. We may also receive information from broker dealers with whom we execute transactions, as well as those with whom we do not. Our policy is to execute transactions using our reasonable best efforts to ascertain the best market price or yield for all securities bought and sold in the market. We do not execute transactions with any particular broker dealer based on any research or related products and services it may provide to us.

As discussed in Item 5 (Fees and Compensation) above, our clients do not incur any brokerage costs. We do not add any trading spreads nor charge any commissions or mark-ups to our clients.

We do not permit a client to direct their transactions to be executed by a particular broker-dealer. However, exceptions may be made from time to time, as approved by SAM, and in such cases and as applicable, SAM will explain to the client that that it may not achieve most favorable execution of its transactions and that it may result in more costs to the client. Additionally, we do not select or recommend a particular broker-dealer based on client referrals from that broker-dealer or other third party.

## Aggregation and Allocation of Clients' Orders

SAM may from time to time engage in trade aggregation practices among multiple clients to obtain volume discounts, to reduce transaction fees, to achieve trading efficiencies, and/or to obtain some benefit for clients as determined by SAM.

Allocations of aggregated orders are determined at SAM'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 supply shortage for securities for eligible portfolios, we will allocate the order in the manner as described above.

## Item 13 Review of Accounts

Each client account is reviewed by a SAM Portfolio Manager or Portfolio Advisor on at least a quarterly basis. These 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, particularly upon certain events, including changes in client liquidity needs, [new] security offerings in the marketplace and certain market events.

SAM and US Bank provide to our clients' monthly written account statements through an electronic reporting platform provided by Clearwater.

## Item 14 Client Referrals and Other Compensation

As discussed under “Compensation” under Item 5 (Fees and Compensation) above, SAM may receive fees from certain third party fund distributors or service providers for client assets placed into the affiliated funds of these third parties.

Our firm does not pay referral fees to independent persons or firms for introducing clients to us. However, certain sales personnel of SVB, our parent company, may refer clients to SAM. While our SVB sales personnel do not receive any direct incentive compensation for SAM referrals, these referrals are among a variety of factors taken into consideration by SVB in awarding incentive compensation to them. Such incentive compensation is not guaranteed, and generally paid on a discretionary basis by SVB.

**Item 15****Custody**

SAM does not have possession or actual or constructive custody of any client assets. Client assets are held by a third-party qualified custodian. Our primary custodian is U.S. Bank. Client assets are held in custody by U.S. Bank under a separate custody agreement.

SAM and US Bank provide to our clients monthly written account statements through an electronic reporting platform provided by Clearwater. These statements should be carefully reviewed on a regular basis by clients. Clients should contact SAM immediately if they believe that there may be an error or discrepancy in their statement.

**Item 16****Investment Discretion**

SAM accepts investment discretionary authority to manage assets on behalf of our clients. This authority is granted to us pursuant to our form discretionary account agreement, which we enter into with each client. Under our agreement, SAM is granted the complete and unlimited discretionary trading authorization on the assets of the client's account, subject to any restrictions or limitations imposed by the client. Typically, our authority is subject to our client's investment policy as provided to SAM.

We provide discretionary investment management services to substantially all of our clients. From time to time and on a case-by-case basis, in order to meet certain strategic investment objectives of our client, we may invest a client's assets as specifically directed by the client. These client-directed investments are subject to the acceptance of SAM as determined in SAM's sole discretion.

**Item 17****Voting Client Securities**

Under SAM's proxy voting policy, SAM will vote any proxies received by SAM relating to assets held in client accounts, other than certain non-discretionary, or client-directed, assets. Unless otherwise provided, our account agreement provides for the client's delegation of responsibility for voting proxies to SAM. When voting proxies, SAM evaluates and votes proxies in a manner consistent with what we believe is in the client's best interests. SAM considers that it acts in the best interest of clients when the firm votes in a manner that it determines best serves the interest of maximizing shareholder value for all clients. SAM's policy is to vote all proxies received the same way for each client absent qualifying restrictions from a client. While SAM does not solicit direction from its clients with respect to proxy voting, clients may place reasonable restrictions on SAM's voting authority. Further, there may be times when SAM's management determines that refraining from voting a proxy is in a client's best interest, such as when the cost of voting a proxy exceeds the expected benefit to the client.

If we determine that a material conflict of interest exists in voting a proxy, then the matter will be reviewed by SAM's senior management, including our Chief Compliance Officer, 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.

You may obtain information regarding how SAM voted your proxies, or request a copy of the firm's proxy voting policy. Such requests for information should be directed to the contact listed on the cover page of this brochure.

## Item 18 Financial Information

SAM does not solicit prepayment or accept prepayment of fees from its clients.

SAM has not been the subject of a bankruptcy petition at any time during the past ten years.

Silicon Valley Bank >

SVB Asset Management

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