



## Asset Management

# SVB ASSET MANAGEMENT Form ADV Part 2A

### **SVB Asset Management**

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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). You can search this site by a unique identifying number known as a CRD number. The CRD number for SVB Asset Management is 124567.

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 31, 2015.

**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. 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/healthcare industries, as well as private equity/venture capital firms, many of which invest in our innovation company clients. Our 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, applications, software services, digital content and advertising technology; and energy and resource innovation. Our life science and healthcare clients tend to be in the industries of biotechnology, medical devices, healthcare information technology and healthcare services. 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 clients. We manage our clients’ portfolios based on their investment policies, strategies and objectives. The eligible investments SVB Asset Management purchases 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.

- **Corporate Cash Management Strategy** – Under our Corporate Cash Management Strategy, our emphasis is on a “buy-and-hold” strategy with primary investment objectives of: (i) preserving capital, (ii) maintaining adequate liquidity, and (iii) generating short-term income. Each client portfolio is customized to manage to the client’s overall investment objectives, and we seek to structure investments to fit the client’s operating and short-term cash needs. We generally benchmark client investment performance against indices with shorter durations, typically 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. We manage most of our client assets under this strategy.
- **Total Return Strategy** – Some of our clients 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. Under our Total Return Strategy, our emphasis is primarily to seek opportunities to grow the value of the clients’ portfolios, subject to each client’s investment needs, risk tolerance, and overall objective. Under this strategy, we actively manage client assets to seek longer-term performance above an agreed-upon benchmark, and thus, trading may occur more frequently resulting in higher portfolio turnover rates. We generally benchmark client investment performance 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).

We tailor our advisory services for each client based not only on the investment strategies described above, but also on the client’s 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. For more information about our investment strategies, see Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) below.

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 arrangements are subject to the acceptance of SVB Asset Management as determined by our sole discretion.

As of February 29, 2016, SVB Asset Management managed \$21,199,591,287 of client assets on a discretionary basis.

## Item 5

### Fees and Compensation

#### Fees

##### **Account Fees**

SVB Asset Management charges client account fees based on the value of the discretionary assets under management and on the portfolio investment strategy selected. The standard fee schedule for our services is as follows:

Total Discretionary Assets Under Management (Under Each Portfolio Investment Strategy)	Applicable Rate* (Per annum)	
	Corporate Cash Management Strategy	Total Return Strategy
Below \$50,000,000.00	0.15%	0.40%
\$50,000,000.00 to \$99,999,999.99	0.12%	0.35%
\$100,000,000.00 to \$149,999,999.99	0.10%	0.30%
\$150,000,000.00 to \$199,999,999.99	0.08%	0.25%
\$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.

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 (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. 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 market conditions, client investment objectives and/or investment strategies. SVB Asset Management may, at our sole discretion, waive or otherwise change the fee structure for certain clients, as determined on a case by case basis.

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. 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 our 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.

From time to time, client assets may be held in custody with third party custodians other than U.S. 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, if any, other than the costs of mark-ups and mark-downs charged by broker-dealers; 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**

It is possible that SVB Asset Management has 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 of the Total Return Strategy who have a higher fee schedule. SVB Asset Management charges its clients' fees based on assets under management and does not have performance based account fees. 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. For more information on SVB Asset Management's allocation policy, see Item 12 (Brokerage Practices) below.

SVB Asset Management receives compensation from certain third party fund distributors or service providers ("Fund Distributors") for performing certain services for them with respect to our clients' investments in their 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 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 SVB Asset Management by the Fund Distributors, not by their affiliated funds or by our 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 clients with respect to which SVB Asset Management receives higher total compensation. 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.

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, SVB Asset Management 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 are not aligned with our clients' investment policies or objectives, we will consider making 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 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 SVB Asset Management into JPMAME funds).
- **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 SVB Asset Management into JMIM funds).
- **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 SVB Asset Management into USB funds). USB is affiliated with U.S. Bank, our primary custodian.

The above fees are payable to SVB Asset Management on a monthly basis in arrears.

**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 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/healthcare 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 are typically focused on capital preservation, liquidity management and achievement of a competitive return.

We generally require a minimum investment balance of \$10 million to open an individual account under the Corporate Cash Management Strategy, and a minimum investment balance of \$20 million to open an individual account under the Total Return Strategy. We may from time to time waive or reduce these minimum requirements at our 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 our own and other third party's proprietary systems and methods. We may also use widely available public information and economic data to conclude asset allocation and duration targets. Our team researches and analyzes all investments recommended to our clients. Our 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 our clients' needs, we offer two primary investment strategies:

- **Corporate Cash Management Strategy** – Under our Corporate Cash Management Strategy, our emphasis is on a “buy-and-hold” strategy with primary investment objectives of: (i) preserving capital, (ii) maintaining adequate liquidity, and (iii) generating short-term income. Each client portfolio is customized to manage to the client's overall investment objectives, and we seek to structure investments to fit the client's operating and short-term cash needs. We generally benchmark client investment performance against indices with shorter durations, typically 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. We manage most of our client assets under this strategy.
- **Total Return Strategy** – Some of our clients 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. Under our Total Return Strategy, our emphasis is primarily to seek opportunities to grow the value of the clients' portfolios, subject to each client's investment needs, risk tolerance, and overall objective. Under this strategy, we actively manage client assets to seek longer-term performance above an agreed-upon benchmark, and thus, trading may occur more frequently resulting in higher portfolio turnover rates. We generally benchmark client investment performance 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).

We manage our clients' portfolios based on their investment policies, which 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**

All investments are subject to various risks that are borne by investors. 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:

- **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.
- **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 our 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.
- **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.
- **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, or because of a lack of demand or a lack of market.
- **Market Risk.** Market events or other external factors, including political, 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 fall below \$1.00 as a result of changes in credit quality, issuer default, redemption restrictions or pressures, and other similar events. The SEC and other regulatory agencies continue to review the regulation of money market funds, and may take additional regulatory action in the future. These changes may affect the securities and markets in which the money market fund invests. These changes may also impact a money market funds ability to implement its investment strategies as well as its future operations, expenses and/or yields.
- **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. We 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, their investment objectives or our investment strategies.
- **Portfolio Management Risk.** Each client portfolio is subject to management risk, especially actively managed client portfolios under our Total Return Strategy where trading activity typically occurs more frequently than under our Corporate Cash Management Strategy. We may engage in more frequent trading for our Total Return Strategy in order to manage duration, sector, yield curve and credit quality with the goal of outperforming its stated benchmark. In general, regardless of the investment strategy, all of our clients' portfolios are subject to the risk that SVB Asset Management will make poor investment decisions, which may have an adverse effect on our 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, 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 our 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. 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 our 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 that are required to be disclosed under this Item.

## Item 10

### Other Financial Industry Activities and Affiliations

#### SVB Affiliations

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

SVB Asset Management 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 SVB Asset Management are FINRA-registered representatives through SVB Securities:

- Lauri Moss, President
- Ninh Chung, Head of Portfolio Management and Investment Strategy
- Irwin Bernstein, Head of Investment Operations
- Gary Utschig, Chief Compliance Officer

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

SVB Asset Management is also affiliated with SVB Wealth Advisory, Inc., an investment adviser registered with the SEC. SVB Asset Management and SVB Wealth Advisory share the same Chief Compliance Officer/AML Officer, Gary Utschig, and may share certain non-investment operational personnel as well. 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 that may affect the prices and availability of the securities and other assets in which SVB Asset Management's clients invest.

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 our

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.

In addition, SVB, our parent company, provides a variety of support services to SVB Asset Management including human resources, information technology, facilities, finance and administrative support. Due to SVB General Partners' affiliation with SVB, the parent company of SVB Asset Management, we may have an indirect interest in making client referrals to SVB General Partners.

## Other

SVB Asset Management utilizes the custodial services of U.S. Bank for client assets. From time to time, a client may request a different custodian, subject to SVB Asset Management's acceptance at its sole discretion.

SVB Asset Management and U.S. Bank provide to our 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 copies of statements to SVB Asset Management clients on a quarterly basis. While SVB Asset Management is not affiliated with U.S. Bank, the costs associated with the reporting platform by Clearwater are borne in part by U.S. Bank and in part by SVB Asset Management. 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 U.S. Bank. (See Item 4 (Fees and Compensation) above.) We do not believe that our recommendation of USB funds and our cost-sharing arrangement with U.S. Bank for our reporting platform pose a material conflict of interest. We will recommend USB funds to our clients if they are aligned with our 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.

Our 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 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 disclosing such to anyone else. Our Code also covers, among other things, our policies on gifts and entertainment events, actual or potential conflicts of interest, the protection of the confidentiality of client information and privacy.

Moreover, our 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, 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 SVB Asset Management. 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. SVB Asset Management does not allocate investments to any Covered Persons.

SVB Asset Management'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.

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.

## Other Activities of SVB Asset Management and its Affiliates

SVB Asset Management may restrict our 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 our 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.

## **Item 12**

### **Brokerage Practices**

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

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

SVB Asset Management 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, 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. 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 SVB Asset Management, and in such cases and as applicable, SVB Asset Management will explain to the client 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**

SVB Asset Management may from time to time 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.

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
- 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 transactions in the manner as described above.

**Item 13****Review of Accounts**

Each client account is internally reviewed by a SVB Asset Management Portfolio Manager or Portfolio Advisor on at least 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, particularly upon certain events, including changes in client liquidity needs, security offerings in the marketplace and certain market events. Client accounts under our Total Return Strategy may be reviewed on a more frequent basis to ensure the portfolio is consistent with SVB Asset Management's investment strategy and clients' specific investment needs and objectives.

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

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

As discussed under "Compensation" under Item 5 (Fees and Compensation) above, SVB Asset Management 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 personnel of SVB, our parent company, 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 them. Such incentive compensation is not guaranteed and it is generally paid on a discretionary basis by SVB.

**Item 15****Custody**

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 (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. These statements should be carefully reviewed on a regular basis by clients. We urge all clients to compare the account statements from both Clearwater and U.S. Bank. Clients should contact SVB Asset Management immediately if they believe that there may be an error or discrepancy in their statement.

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

SVB Asset Management 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, SVB Asset Management 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 and/or their investment policy. The account agreement may be terminated by either party upon at least five (5) business days' advance written notice.

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 arrangements are subject to the acceptance of SVB Asset Management as determined in SVB Asset Management's sole discretion.

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

Under our proxy voting policy, we will vote any proxies we receive 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 SVB Asset Management. When voting proxies, we evaluate and vote proxies in a manner consistent with what we believe is in the client's best interests. SVB Asset Management 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. Our policy is to vote all proxies we receive the same way for each client absent qualifying restrictions from a client. While we do not solicit direction from its clients with respect to proxy voting, clients may place reasonable restrictions on SVB Asset Management's voting authority. Further, there may be times when our 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 SVB Asset Management'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 SVB Asset Management 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**

SVB Asset Management does not solicit prepayment or accept prepayment of fees from its clients.

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