



## **Part 2A of Form ADV: Firm Brochure**

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**This brochure provides information about the qualifications and business practices of Evercore Wealth Management, LLC (“EWM” or the “Company”). If you have any questions about the contents of this brochure, please contact us at (212) 822-7620. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about the Company is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **MATERIAL CHANGES**

EWM's most recent update to its brochure was made in November 2010. EWM's business activities have not changed materially since the time of that update. However, in 2010 the United States Securities and Exchange Commission ("SEC") required significant changes to the content and format of Part 2 of Form ADV. This brochure, which reflects those changes, is materially different from brochures used by EWM in prior years.

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## **ADVISORY BUSINESS**

Evercore Wealth Management, LLC (“EWM” or the “Company”) provides discretionary and non-discretionary investment advisory services to individuals and institutional clients, as well as to The Wall Street Fund (the “WS Fund”), a registered investment company. Client accounts are invested primarily in equities, mutual funds, bonds, exchange traded funds, alternative investments, cash-equivalent instruments, and in strategies and investment portfolios managed by third-party unaffiliated investment managers. EWM also provides investment consulting services with respect to asset allocation, portfolio diversification, portfolio risk, and other general economic and financial topics.

Investment advisory services are guided by the objectives and restrictions outlined in each client’s Investment Policy Statement. For certain client accounts EWM may recommend pooled investment vehicles, such as hedge funds and private equity funds, or one or more third-party investment managers. Third-party investment managers recommended to clients will have full investment discretion and trading authority, and shall have sole responsibility for the implementation of the investment objectives of the client’s account. With respect to accounts managed by third-party investment advisers, EWM will not place orders for transactions in the client’s account or otherwise exercise trading authority over the account. However, EWM monitors the performance of third-party investment managers and reserves the authority to hire or terminate such managers.

EWM also provides an array of general personal financial planning services in addition to investment management. Such services include, but are not limited to, retirement planning, financial planning, personal tax and cash flow planning, estate planning, insurance planning, marriage and divorce planning, college planning, compensation and benefits planning, and the preparation of financial analyses and personal financial statements reflecting net worth, cash flow, and income tax projections.

EWM was founded in September 2008 and is majority owned by Evercore Partners Services East LLC, a subsidiary of Evercore Partners Inc., (“Evercore”). Evercore is a publicly-traded financial services firm (NYSE:EVR), which provides advisory services to multinational corporations on mergers, acquisitions, divestitures, restructurings, and other strategic corporate transactions. Evercore also provides asset management services to complement their advisory services.

As of December 31, 2010, EWM managed \$2,506,143,000 on a discretionary basis and \$27,995,000 on a non-discretionary basis.

## **FEES AND COMPENSATION**

For investment advisory services, EWM is compensated based on a percentage of assets under management. Fees are generally charged monthly in arrears and are generally deducted directly from the client’s custodial account. However, some clients may have other arrangements, such as they may be charged their fee less frequently than monthly and in some cases may pay fees in advance. Investment advisory services begin with the effective date of the Investment Advisory Agreement (the “Agreement”), which is the date the client signs the Agreement. For the first fee billing cycle that the Agreement is effective, fees are charged on a

pro rata basis based upon the number of days in which EWM managed the securities in the billing period.

Fees are charged according to a tiered schedule and may be negotiated as determined on a case-by-case basis based upon a number of factors, including the type of assets under management, the services provided, and any restrictions on particular assets, or asset classes. The standard maximum management fee charged for each service is outlined below.

<b>Service</b>	<b>Maximum Annual Fee</b>
<b>Equity and Balanced</b>	1% with a \$50,000 minimum
<b>Fixed Income – Municipal Bond</b>	.35% with a \$25,000 minimum
<b>Fixed Income – Taxable Bond</b>	.50% with a \$25,000 minimum
<b>Cash Management</b>	.25% with a \$25,000 minimum

Either EWM or the client may terminate the Agreement at any time upon written notice to the other party, subject to the terms of the Agreement. Clients are responsible for paying for services rendered until the effective termination of the Agreement. If the client has paid fees in advance, EWM will provide a pro-rated refund.

As investment adviser to the WS Fund, EWM receives an annual maximum fee of 1% from the WS Fund for investment management. This fee also includes an annual maximum Shareholder Servicing fee of .25% from the WS Fund.

Generally, for EWM client accounts that have all or a portion of their assets invested in the WS Fund, EWM excludes the value of the WS Fund from the calculation of its investment management fee. However, there are some accounts for which the investment advisory fee paid to EWM includes the value of the client's assets invested in the WS Fund. For such accounts, management fees are reduced and total management fees paid to the Company are comparable to those paid by clients whose investment in the WS Fund is excluded from the calculation of a management fee.

In addition to the investment management fees charged by EWM, clients may be responsible for additional expenses, such as brokerage fees, custody fees, and fees and expenses charged by mutual funds, pooled investment vehicles, and third-party managers that may be recommended to clients.

Fees for financial planning services are negotiated on a client by client basis. Such fees shall be mutually agreed upon by the client and EWM, and are payable when services are rendered.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

EWM does not charge performance-based fees.

## **TYPES OF CLIENTS**

EWM provides investment advisory services to high-net-worth individuals and associated trusts, estates, pension and profit sharing plans, endowments, foundations, charitable organizations and other legal entities including insurance companies. In addition, EWM serves as the investment adviser to the WS Fund, a registered investment company.

EWM suggests clients have a minimum account balance of \$5,000,000. However, this amount may be waived at the Company's discretion.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

EWM's investment approach starts with an understanding of each client's investment objectives and constraints within the context of the client's family, lifestyle, business, and philanthropic commitments, as applicable.

The focus of the fixed-income investment team is to provide clients with a steady income stream while preserving principal and providing the fixed income component of a balanced portfolio. EWM seeks to maximize portfolio returns through high-quality marketable securities with a focus on tax-considerations and specific client objectives. The approach is backed by fundamental economic and technical market analysis, as well as specific security analysis.

For equity investment management, EWM emphasizes a team approach drawing on the long and varied experience of its investment professionals. EWM seeks to generate long-term returns and capital appreciation by investing in the large and mid-capitalization stocks of domestic, foreign, and global businesses.

EWM conducts fundamental analysis on all securities recommended for client accounts and each potential equity holding is analyzed to understand the business fundamentals and expected value drivers, while also considering the macroeconomic environment. EWM seeks to build customized and diversified portfolios.

Investing in securities involves risk of loss, which clients should be prepared to bear. In addition, investment performance could be hurt by a number of different market risks, including, but not limited to:

1. **Stock Market Risk** – the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.
2. **Sector Risk** – the chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
3. **Liquidity Risk** – Investments may from time to time be illiquid. As a result, such investments may be required to be held for a significant period of time in order to realize a return on invested capital.

4. Interest Rate Risk – An investment’s value, typically investments in bonds, may fluctuate due to a change in interest rates. For example, as interest rates increase, the value of the security may decrease and vice-versa.
5. Credit Risk – Bonds may lose value if the issuer does not make payments as promised.

## **DISCIPLINARY INFORMATION**

Neither EWM nor its employees have been involved in any legal or disciplinary events in the past ten years that would be material to a client’s evaluation of the Company or its personnel.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

EWM is affiliated with other registered investment advisers and broker-dealers through common ownership. The entities owned by Evercore may share certain resources, such as human resources and technology support systems. EWM has implemented policies and procedures to help ensure that adequate information barriers exist between EWM and its affiliates and that EWM operates independently of Evercore and its affiliates. EWM does not market investment products or strategies, including registered and unregistered investment companies, managed by its affiliates.

EWM is also affiliated with Evercore Trust Company, N.A. (“ETC”) a national trust bank regulated and supervised by the Office of the Comptroller of the Currency, through common ownership. ETC provides trustee, executor, and custodial services. ETC serves as custodian and/or trustee for certain clients of EWM. Certain EWM personnel are dual-hatted employees of ETC.

As discussed above, EWM serves as the investment adviser to the WS Fund. EWM may invest client assets in the WS Fund in certain circumstances, such as when there is a goal for equity diversification.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING**

### *Code of Ethics*

EWM permits its employees to engage, on a limited basis, in personal securities transactions. To avoid any potential conflicts of interest involving personal trades, EWM has adopted a Code of Ethics (“Code”), which includes formal policies and procedures to address insider trading, information barriers, and personal security transactions. EWM’s Code requires, among other things, that its employees place client interests ahead of EWM’s, engage in personal investing that is in full compliance with the Code, avoid taking advantage of their position, and maintain full compliance with applicable federal securities laws.

The Code also requires employees to pre-clear certain personal securities transactions, report personal securities transactions on at least a quarterly basis, and provide the Company with a detailed summary of holdings (both initially upon commencement of employment and annually thereafter) over which the employee has a direct or indirect beneficial interest.

A copy of EWM's Code shall be provided to any client or prospective client upon request by contacting the Chief Compliance Officer at (212) 822-7620.

### ***Participation or Interest in Client Transactions***

As noted above, EWM may invest client assets in the WS Fund in certain circumstances, such as when there is a goal for equity diversification. In such cases, EWM generally excludes the value of the WS Fund from the calculation of its investment management fee. However, there are some accounts for which the investment advisory fee paid to EWM includes the value of the client's assets invested in the WS Fund. For such accounts, management fees are reduced and total management fees paid to the Company are comparable to those paid by clients whose investment in the WS Fund is excluded from the calculation of a management fee.

### ***Personal Trading***

Employees may buy or sell securities that are also recommended to clients. However, employees may not buy, sell, or recommend securities (or derivatives thereof) of an issuer for any proprietary, customer, employee, or other account while in possession of material, non-public information regarding the issuer. Trading ahead of clients or immediately after clients is prohibited. In addition, personal investments must generally be held for a minimum of thirty days.

## **BROKERAGE PRACTICES**

EWM considers the following factors, among others, when selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation: (1) liquidity of the securities traded, (2) execution facilitation services provided, (3) timeliness of execution, (4) timeliness and accuracy of trade confirmations, (5) client direction, and (6) expertise as it relates to specific securities.

Although EWM seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission available or equivalent. Transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions and equivalents than would be the case for more routine services.

### ***Soft Dollars***

EWM is authorized to use "soft dollars" to pay for brokerage and research services. Soft dollar arrangements are generally understood to be those where products or services other than the mere execution of securities transactions are obtained by an investment adviser from a broker-dealer in exchange for the direction of client brokerage transactions by the investment adviser to the broker-dealer. Soft dollars are that portion of brokerage commissions that exceed the lowest rate available from other broker-dealers for basic execution services.

EWM does not intend to seek lower brokerage commissions to the extent that doing so may detract from its receiving valuable brokerage and research services. The commissions or equivalents paid to any one broker-dealer may be greater than the amount charged by another firm for executing the same transactions if EWM determines in good faith that the amount of commissions charged by such broker-dealer are reasonable in relation to the value of the

brokerage and research services provided. Selecting brokers on the basis of considerations that are not limited to applicable commission rates may at times result in higher transaction costs than may otherwise be obtainable.

EWM intends to comply with the “safe harbor” provided by Section 28(e) of the Securities Exchange Act of 1934, as amended, which permits the use of soft dollars to obtain brokerage and research services that provide lawful and appropriate assistance to the investment adviser in the performance of its investment decision-making responsibilities.

The products and services available from brokers include both internally generated items (such as proprietary research reports prepared by employees of the broker-dealer), as well as items acquired by the broker-dealer from third parties (such as outside research prepared by third-party research firms). Research services may include, but are not limited to, written information and analyses concerning specific securities, companies, or sectors; market, financial, and economic studies and forecasts; financial publications; news, quotation, statistics, and pricing services, discussions with research personnel, databases, and services utilized in the investment management process. Brokerage services may include, but are not limited to, clearance, settlement, custody, securities lending and financing, and recordkeeping.

Investment research and brokerage services received through soft dollar arrangements may be used by EWM in servicing various clients, and not all such services will necessarily benefit all clients. In addition, investment research and brokerage services received through soft dollar arrangements may benefit clients whose brokerage commissions did not generate the soft dollars used to pay for such services (e.g., clients with directed brokerage arrangements, as discussed below). Generally, trades for clients whose accounts are custodied at a broker-dealer will only be executed through the custodial broker-dealer and, as a result, will not generate soft dollars. Trades for clients whose accounts are held by non-broker custodians will be executed with broker-dealers through which EWM may generate soft dollars.

Relationships with broker-dealers providing soft dollar services to EWM may influence EWM’s judgment in allocating brokerage business, and may create a conflict of interest in using the services of these broker-dealers to execute securities transactions for clients. While EWM believes these relationships are generally beneficial, selecting broker-dealers on the basis of considerations other than applicable commissions may at times result in higher transaction costs than would otherwise be the case.

### ***Client Referrals***

EWM does not use brokerage commissions to compensate brokers for client referrals.

### ***Directed Brokerage***

On occasion, a client may direct EWM to effect securities transactions in the client’s account through a specific broker-dealer. This instruction shall be construed as a “directed brokerage arrangement.” In such circumstances, the client is responsible for negotiating the terms and arrangements for their account with that broker-dealer. EWM will not seek better execution services or prices from other broker-dealers and may not be able to aggregate the client’s transactions with orders for other client accounts for execution through other broker-dealers. As a result, EWM may not obtain best execution on behalf of a client that enters a directed brokerage arrangement, and the client may also pay materially disparate commissions, greater



spreads or other transaction costs, or receive less favorable net prices on transactions for the account than would otherwise be the case. In order to facilitate directed brokerage arrangements while simultaneously seeking best execution, EWM may elect to conduct “step-out” trades.

### ***Trade Aggregation***

Orders for the same security entered on behalf of more than one client may be aggregated (i.e., blocked or bunched) if the aggregation is in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders; filled orders shall be allocated separately from subsequent orders. One exception is that subsequent orders may be aggregated with filled orders if the market price for the security has not materially changed. All clients participating in an aggregated order shall receive the average price and, subject to minimum ticket charges, pay a pro rata portion of commissions.

The allocation of securities across client accounts will be based on various factors, including: account size, diversification, cash availability, and, where appropriate, the value of having a round lot in the portfolio.

In the event an order is partially filled, the allocation shall be made in the best interests of all the clients participating in the order, taking into account all relevant factors, including, but not limited to, the size of each client’s allocation, clients’ liquidity needs, and previous allocations. As a general practice, EWM shall seek to ensure that each account gets a pro rata allocation based on its initial allocation. When a pro rata allocation may not be reasonable (e.g., clients receiving odd lots), the Company shall reallocate the order in a manner that it deems fair and equitable to clients over time.

## **REVIEW OF ACCOUNTS**

Generally, client accounts are reviewed on a continuous basis by the portfolio manager responsible for the management of the account. These reviews are designed to monitor and analyze client transactions, positions, and investment levels. Particular attention is given to changes in company fundamentals, industry outlook, market outlook, and price levels.

Reports are provided to clients at least annually and include a summary of account holdings and values. More frequent and customized reports are available upon request. In addition, subject to the client’s custodial agreement, clients will also receive monthly or quarterly account statements confirming account transactions, positions, and activity directly from their account custodian.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

EWM intends to utilize incentive compensation as part of its total compensation plan for its employees. The plan is to be based upon employees’ contributions to annual new business revenue generated on behalf of EWM. Such compensation shall be paid entirely by EWM. In addition, EWM may compensate third-party solicitors for client referrals. Such compensation will be paid entirely by EWM and will be based on either: (1) a percentage of the investment

management fee paid to EWM by the referred clients, or (2) a pre-determined flat fee paid on a periodic basis (e.g., quarterly or monthly).

EWM will comply with Rule 206(4)-3 under the Advisers Act with respect to its use of both affiliated and unaffiliated solicitors.

## **CUSTODY**

EWM is deemed to have custody with respect to most of its investment advisory accounts because it uses an affiliated qualified custodian, ETC. Clients will receive account statements directly from ETC, their broker-dealer, bank, or other qualified custodian. Clients should carefully review these statements and ensure they are accurate.

## **INVESTMENT DISCRETION**

With respect to its discretionary accounts, EWM is authorized to make the following determinations in accordance with client objectives and restrictions without obtaining prior consent from the client: (1) which securities or instruments, including mutual funds and exchange traded funds to buy or sell; (2) the total amount of securities or instruments to buy or sell; (3) the executing broker or dealer for any transaction; (4) the commission rates or commission equivalents charged for transactions; and (5) whether to invest client assets, and if so determining the total amount to invest, in third-party investment manager products and services such as separate account portfolios or fund products. Such authorization is outlined in each discretionary client's Agreement and Investment Policy Statement.

## **VOTING CLIENT SECURITIES**

It is EWM's policy to vote proxies consistent with its fiduciary duty to clients. EWM shall generally be responsible for voting proxies on behalf of client accounts; however, certain clients may retain full proxy voting authority. In cases where EWM votes proxies, the Company shall vote client proxies in a way that it believes will cause securities to increase the most or decline the least in value in order to maximize shareholder value. Consideration will be given to both the short-term and long-term implications of the proposal to be voted on when considering the optimal vote.

The Company's Proxy Committee is responsible for determining how to vote client proxies. To assist with this responsibility, EWM has engaged a third-party proxy advisory company. If a material conflict of interest relating to a proxy arises between EWM and a client, the Company will delegate proxy voting responsibility to the third-party proxy advisory company.

EWM's complete proxy voting policy and procedures and a record of all proxy votes cast on behalf of clients are available upon request by contacting the Chief Compliance Officer at (212) 822-7620.

## **FINANCIAL INFORMATION**

EWM has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.