



BELLECAPITAL®

Brochure/Form ADV Part 2A

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I. Cover Page

This Form ADV Part 2A/Brochure provides information about the qualifications and business practices of Bellecapital International AG (“Bellecapital”). Bellecapital is registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). If you have any questions about the contents of this brochure, please contact us by telephone at +41 44 268 11 00 or by e-mail at info@bellecapital.com. The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Additional information about Bellecapital is also available on the SEC’s website at www.adviserinfo.sec.gov. The information contained in this brochure relates only to specific questions to which the relevant agencies request answers. This document is not, and is not intended to be, a marketing brochure, nor is it to provide detailed information about all aspects of Bellecapital’s business. There is no specific level of skill or training required to become a registered investment adviser with the SEC. Bellecapital requires its employees to have a high level of experience and education as described in more detail below. This Brochure provides information for U.S. clients of Bellecapital; most provisions of the Advisers Act and of this Brochure do not apply to Bellecapital’s non-U.S. clients. This Brochure has been prepared as of July 1, 2011.

II. Material Changes

This is the first Form ADV Part 2A/Brochure for Bellecapital.

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IV. Advisory Business

Bellecapital International AG (“Bellecapital”), a Swiss corporation based in Zurich, Switzerland, provides investment advisory services to clients with connections to the United States (“U.S.”). Bellecapital was formed in 2011. The principal owners of Bellecapital are Beat Bass, Werner Diehl and Mark Eberle.

Bellecapital provides investment supervisory services primarily for individuals, trusts, foundations and companies. The services provided include the provision of discretionary portfolio management and continuous advice concerning investment of assets consistent with the circumstances, preferences and objectives of each client. Investment supervisory services are provided based on the individual needs and investment objectives of each client as communicated to Bellecapital. Specifically, the structure for each client’s investment program is created in the context of certain considerations such as expected returns, risk tolerance, future liquidity requirements and potential tax and legal restrictions.

Discretionary Asset Management Services

Under a discretionary management mandate, Bellecapital has the authority to supervise and direct the investments of and for each client’s account generally in line with the investment profile agreed with the client and without prior consultation with the client. Bellecapital determines which securities are bought and sold for the account and the total amount of the purchases and sales. Bellecapital’s authority may be subject to special conditions imposed by individual clients. For example, a client may restrict or prohibit transactions in certain types of securities. Bellecapital does not select the broker or dealer for effectuating securities transactions and does not negotiate the commission rates paid to effectuate transactions. Bellecapital works with the broker determined by the custodian bank selected by the client, which may or may not be a broker registered with the U.S. Securities and Exchange Commission (the “SEC”). Please refer to the discussion of brokerage practices below.

Non-Discretionary (i.e., Advisory) Asset Management Services

Under a non-discretionary management mandate, Bellecapital makes investment recommendations to a client, and the client subsequently makes all investment decisions about the investments held in the account. In order to implement the client’s decisions, the client may authorize Bellecapital to place orders for the execution of securities transactions for the client’s account. In such cases, Bellecapital does not select the broker or dealer used for effectuating such securities transactions and does not negotiate the commission rates paid. Bellecapital will place orders with the custodian bank or broker directed by the client.

Bellecapital does not issue periodic publications, nor does Bellecapital prepare for distribution special reports or analysis relating to securities. Generally, Bellecapital does not issue any

charts, graphs, formulas or other devices for use by clients in evaluating individual securities, nor does Bellecapital furnish advice to clients on any matters not involving securities other than on an incidental basis. Related to its primary function as an asset manager, Bellecapital offers clients certain broad guidance commonly considered as financial planning.

Bellecapital was newly formed and does not manage assets as of the date of this Brochure.

Bellecapital will not advise or act on behalf of clients in any legal proceeding, including bankruptcies or securities shareholder class action litigation involving securities held or previously held in client accounts. Accordingly, Bellecapital is not responsible for responding to, or forwarding to clients, any class action settlement offers relating to securities currently or previously held in the client account.

V. Fees and Compensation

Bellecapital charges investment advisory fees for its services consisting of a percentage of the market value of assets under management. Certain clients have a choice either to pay Bellecapital a fixed management fee or a fee with a performance based component (outlined below) for discretionary asset management services. Particularly in the context of clients who choose to pay a management fee with a performance based component, the fees charged by Bellecapital may be higher than the fees normally charged by other investment advisors offering similar investment management services.

The fixed asset management fee for discretionary management, which is the default compensation scheme, is charged quarterly in arrears and is calculated on the basis of the value of the assets under management at the last business day of the respective calendar quarter. The fee schedule below for discretionary asset management shows the applicable fee for each bracket of assets under management along with the effective cost based on the amount of assets.

From USD	To USD	Fee	Effective Rate	Cost USD
0	2,000,000	1.5% p.a.	1.5% p.a.	30,000
2,000,000	5,000,000	1.25% p.a.	1.35% p.a.	67,500
5,000,000	10,000,000	1.00% p.a.	1.18% p.a.	117,500
10,000,000	20,000,000	0.80% p.a.	0.99% p.a.	197,500
20,000,000	50,000,000	0.70% p.a.	0.82% p.a.	407,500
50,000,000	100,000,000	0.60% p.a.	0.71% p.a.	707,500
100,000,000	250,000,000 +	0.50% p.a.	0.58% p.a.	1,457,500

There is a minimum annual fee of USD 15,000.

The same fee schedule is applicable for accounts under a nondiscretionary management.

Fees charged by Bellecapital do not include custodian fees, fees for trade settlement, brokerage commissions, or any other fee imposed by the custodian bank or the broker. Bellecapital also advises clients on foreign currencies and the above fee schedule applies and is negotiable to such advice. Compensation is not payable in advance.

Bellecapital may waive, discount and/or negotiate fees at its discretion. Bellecapital may also charge additional fees for services outside the scope of the services described above. Any additional fees are disclosed to the client.

Bellecapital relies on custodian banks of its clients to value the assets in the respective client accounts, and Bellecapital computes its investment advisory fees based on these valuations provided by the custodian. At the end of the quarter Bellecapital arranges with the custodian for the direct payment of its fee from the respective client accounts. The client's statement from the custodian will reflect all amounts disbursed from the account, including the amount of any advisory fee paid to Bellecapital.

Bellecapital is a fee-only investment adviser and does not receive undisclosed remuneration from third parties in connection with its investment advisory services. Discounts, finder's fees or any other remuneration received by Bellecapital from third parties will be disclosed to the client and credited against Bellecapital's investment advisory fees.

Bellecapital does not manage or advise accounts based on commissions, subscriptions fees, or hourly rate charges.

VI. Performance Based Fees and Side-by-Side Management

Performance Based Fee Scheme

As an alternative to the fixed asset management fee for discretionary management, certain clients may opt to compensate Bellecapital based on a performance based fee scheme described below. In accordance with Rule 205-3 under the Advisers Act, only clients who meet the following requirements may opt for the performance based fee scheme: (i) clients with at least \$750,000 under management with Bellecapital; (ii) clients with more than \$1,500,000 of net worth; or (ii) clients who are qualified purchasers under Section 2(a)(51) of the Investment Company Act of 1940, as amended (which generally is defined to include only individuals, companies or trusts with more than \$5,000,000 in investments).

For qualified clients, the performance fee scheme comprises a base flat fee calculated with reference to the client's assets managed by Bellecapital plus a 15% performance fee to the

extent the net performance of the assets in a calendar year exceeds a hurdle rate of 7%. The net performance for these purposes is calculated by taking the gross performance (i.e., realized and unrealized capital gains, dividends and interest) and subtracting from that amount the flat base fee. The flat base fee is charged quarterly in arrears and is calculated on the basis of the value of the assets under management at the last business day of the respective calendar quarter. The performance fee component is calculated and charged if applicable annually after December 31 of each year. For accounts opened during a calendar year, the flat base fee and the hurdle rate is adjusted on a pro rata basis. There is no high water mark in calculating the performance fee.

From USD	To USD	Flat Base Fee	Performance Fee	Hurdle Rate
0	10,000,000	0.50% p.a.	15%	7%
10,000,000	20,000,000	0.40% p.a.	15%	7%
20,000,000	50,000,000	0.35% p.a.	15%	7%
50,000,000	100,000,000	0.30% p.a.	15%	7%
100,000,000	250,000,000 +	0.25% p.a.	15%	7%

Side-by-Side Management

Conflicts related to side-by-side management of different accounts may exist. For example, Bellecapital may manage more than one account according to the same or a substantially similar investment strategy. Side-by-side management of different types of accounts may raise conflicts of interest when two or more accounts invest in the same securities or pursue a similar strategy. These potential conflicts include the favorable or preferential treatment of an account or a group of accounts, conflicts related to the allocation of investment opportunities, particularly with respect to securities that have limited availability, such as initial public offerings, and transactions in one account that closely follow related transactions in a different account. In addition, the results of the investment activities for one account may differ significantly from the results achieved for other accounts, particularly as a result of Bellecapital's practice to individually tailor each client's investment portfolio. Bellecapital has policies and procedures in place aiming to ensure that all client accounts are treated fairly and equitably. Bellecapital strives to equitably allocate investment opportunities among relevant accounts over time. In addition, investment decisions for each account are made with specific reference to the individual needs and objectives of the account. Accordingly, Bellecapital may give advice or exercise investment responsibility or take other actions for some clients (including related persons) that may differ from the advice given, or the timing and nature of actions taken, for other clients. Investment results for different accounts, including accounts that are generally managed in a similar style, also may differ as a result of these considerations. Some clients may not participate at all in some investments in which other clients participate, or may participate to a different degree or at a different time.

VII. Types of Clients

Bellecapital offers investment management services to individuals, trusts, estates, corporations and other business entities or foundations.

Generally, Bellecapital prefers its client relationships to have a minimum of \$2,000,000 of assets under management. Bellecapital may accept accounts below the minimum requirements, or may retain accounts that have dropped below the minimum requirement due to market fluctuation or investment performance. Accounts that have family, corporate or other relationships may be aggregated for purposes of the minimum account size.

VIII. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Bellecapital invests using a long-only investment approach aimed at generating sustainable, long-term results, where capital preservation is as important as capital growth. Bellecapital invests based on its views of market trends, which are reflected in its asset allocations in its discretionary mandates. Bellecapital manages assets by using a top-down, macro-economic analysis in combination of bottom-up analysis of both market timing and specific security selection. Generally, Bellecapital seeks to obtain broad diversification across countries, industries, company size, long term themes and short term opportunities. Bellecapital's quantitative investment strategies seek to maximize investment return potential by profiting from upswings in macro-economic cycles: productivity cycles, demographic cycles, business cycles, profit cycles, interest rate cycles, valuation cycles and currency cycles. Investment selection also is based on the value to be obtained from diversification, optimizing risk/return profiles, identifying value and forecasting trends, and avoiding constraints arbitrary benchmarks. Bellecapital uses fundamental research to complement its investment selection. Bellecapital's own analysis is supplemented with third-party independent research.

Bellecapital offers investment management and advisory services on the following types of securities and transactions: exchange-listed securities, securities traded over-the-counter, foreign issuers, corporate debt securities (and other commercial paper), certificates of deposit, investment company securities such as mutual funds, exchange traded funds, foreign exchange transactions, and futures contracts on intangibles.

For appropriate client portfolios, Bellecapital offers services which include the evaluation, selection and monitoring of investments, including investments in private funds that are not registered with or regulated by the SEC (including, but not limited to, private equity funds and/or hedge funds). Investments in these private funds are available to "accredited investors" or "qualified purchasers," and they typically require investors to lock-up their assets

for a period of time. These investments may have limited or no liquidity and they may involve different risks than investing in registered funds and other publicly offered and traded securities. Bellecapital relies on the valuation and performance data provided directly from the private funds. Private funds may often be delayed in providing Bellecapital with the valuation information; therefore, Bellecapital may likewise be delayed in reporting this information to the client. Bellecapital will rely on the accuracy of a client's representations in making corresponding representations regarding the investment restrictions on behalf of the client's account in connection with certain derivative and other transactions. Bellecapital also requires notification by the client if the client's representations become inaccurate.

In certain cases Bellecapital may provide asset allocation recommendations that may include real estate holdings. These holdings are acquired through real estate investment trusts (REITs). Bellecapital does not invest in real properties.

Material Investment Risks

Clients should bear in mind that investing in securities involves a risk of loss. Among other risks, investments will be subject to market risk, liquidity risk, credit and counterparty risk, interest rate risk, risk of loss due to events including political and economic developments and events adversely affecting a particular company or industry, and risks involving movements in the currency markets. Clients should be prepared to bear the risk of losing their investment. Past performance is not an indication as to future results.

In certain cases Bellecapital may acquire structured products or derivatives within the context of its discretionary asset management mandate. In addition to the risks that apply to all investments in securities, investing and engaging in derivative instruments and transactions may involve different types of risk and possibly greater levels of risk. These risks include, but are not limited to the following:

- **Leverage.** A derivative instrument or transaction may have the effect of disproportionately increasing an account's exposure to the market for the securities or other assets underlying the derivative position and the sensitivity of an account's portfolio to changes in market prices for those assets. Leverage will tend to magnify both the positive impact of successful investment decisions and the negative impact of unsuccessful investment decisions by Bellecapital on an account's performance.
- **Counterparty Credit Risk.** An account's ability to profit from a derivative contract depends on the ability and willingness of the other party to the contract (a "Counterparty") to perform its obligations under the contract. Although exchange-traded futures and options contracts are generally backed by a guarantee from a clearing corporation, an account could lose the benefit of a contract in the unlikely event that the clearing corporation becomes insolvent. The counterparty's obligations under a forward contract, over-the-

counter option, swap or other over-the-counter derivative contract are not so guaranteed. If the counterparty to an over-the-counter contract fails to perform its obligations, an account may lose the benefit of the contract and may have difficulty reclaiming any collateral that an account may have deposited with the counterparty.

- **Lack of Correlation.** The market value of a derivative position may correlate imperfectly with the market price of the asset underlying the derivative position. To the extent that a derivative position is being used to hedge against changes in the value of assets in an account, a lack of price correlation between the derivative position and the hedged asset may result in an incomplete hedge.
- **Illiquidity.** Over-the-counter derivative contracts are usually subject to restrictions on transfer, and there is generally no liquid market for these contracts. Although it is often possible to negotiate the termination of an over-the-counter contract or enter into an offsetting contract, the counterparty may be unable or unwilling to terminate a contract with an account, especially during times of market instability or disruption. The markets for many exchange traded futures, options and other instruments are quite liquid during normal market conditions, but this liquidity may disappear during times of market instability or disruption.
- **Less Accurate Valuation.** The absence of a liquid market for over-the-counter derivatives increases the likelihood that Bellecapital will not be able to correctly value these interests.

IX. Disciplinary Information

Bellecapital has not been involved in any legal or disciplinary events.

X. Other Financial Industry Activities and Affiliations

Bellecapital and its management personnel are neither registered nor have an application pending to register as, broker-dealers, registered representatives of a broker-dealer, future commissions merchants, commodity pool operators, commodity trading advisors, or associated persons of the foregoing entities.

Bellecapital is a member of the Swiss Association of Asset Managers, which is monitored by the Swiss Financial Market Supervisory Authority (FINMA). Bellecapital is not directly registered with or regulated by FINMA.

Bellecapital's owners also own an interest in Bellecapital Ltd., a Swiss based investment adviser that is not registered with the SEC. Bellecapital Ltd. is an affiliate and provides

services to clients without a U.S. connection. Bellecapital Ltd. manages over \$2 billion in client assets. Bellecapital does not believe the existence of Bellecapital Ltd. creates a conflict of interest.

XI. Code of Ethics, Participation in Client Transactions and Personal Trading

Bellecapital believes that its fee-only advisory business model significantly reduces its potential for conflicts of interest between Bellecapital and its clients. Bellecapital seeks to minimize such conflicts of interest and resolve those conflicts of interests in favor of the client to the extent it determines reasonable and necessary in accordance with its Code of Ethics.

Code of Ethics

Bellecapital has adopted a Code of Ethics (the “Code”) and attendant policies and procedures governing personal securities transactions by Bellecapital and its personnel. The Code also provides guidance and instruction to Bellecapital and its personnel on their ethical obligations in fulfilling its duties of loyalty, fairness and good faith towards the clients. The overriding principle of Bellecapital’s Code of Ethics is that all employees of Bellecapital owe a fiduciary duty to clients for whom Bellecapital acts as investment adviser or sub-adviser. Accordingly, employees of Bellecapital are responsible for conducting personal trading activities in a manner that does not interfere with a client’s portfolio transactions or take improper advantage of a relationship with any client.

The Code contains provisions designed to try to: (i) prevent, among other things, improper trading by Bellecapital’s employees; (ii) identify conflicts of interest; and (iii) provide a means to resolve any actual or potential conflicts of interest in favor of the clients. The Code attempts to accomplish these objectives by, among other things, (i) requiring pre-clearance of specific trades, which includes documenting any exceptions to such pre-clearance requirement; (ii) restricting trading in certain securities that may cause a conflict of interest, as well as (iii) periodic reporting regarding transactions and holdings of employees.

The Code contains sections including, but not limited to, the following key areas: (i) restrictions on personal investing activities; (ii) gifts and business entertainment; and (iii) outside business activities.

The Code also provides for the Bellecapital’s execution of supervisory policies and procedures, and the review and enforcement processes of such policies and procedures. Bellecapital has designated a Chief Compliance Officer responsible for maintaining, reviewing and enforcing Bellecapital’s Code of Ethics and corresponding policies and procedures.

The fundamental position of Bellecapital is that, in effecting personal securities transactions, personnel of Bellecapital must place at all times the interests of clients ahead of their own pecuniary interests. All personal securities transactions by these persons must be conducted in accordance with the Code of Ethics and in a manner to avoid any actual or potential conflict of interest or any abuse of any person's position of trust and responsibility. Further, these persons should not take inappropriate advantage of their positions with or on behalf of a client.

Bellecapital will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

From time to time, Bellecapital personnel invest alongside the firm's clients, both to align the interest of firm and personnel and firm clients and as an expression of confidence in our portfolio management efforts. In order to ensure that Bellecapital personnel never trade ahead of their clients, the firm requires all trading in specific positions for officer and employee accounts to come after the analogous trades are executed for client accounts.

XII. Brokerage Practices

Bellecapital does not have custody or possession of client assets; each of Bellecapital's clients maintains custody of its assets at one or more custodians (usually Swiss based banks). Each custodian bank acts as a broker-dealer itself and/or maintains relationships with designated broker-dealers (including potentially an affiliate of the custodian bank). Bellecapital effectuates security transactions through the custodian or the broker or dealer designated by the custodian bank selected by the client. Bellecapital does not guarantee best execution or the best commissions because Bellecapital does not control these factors. Bellecapital operates exclusively on this directed brokerage basis whereby the client and/or the client's choice of custodian bank selects the broker-dealer to be used for securities transactions. Therefore, clients should be aware of the following:

- Bellecapital does not negotiate commission rates with broker-dealers with whom orders are placed either directly or via the custodian bank because the broker-dealer is determined by the custodian bank and/or the client. The applicable commissions and fees charged for securities transactions are agreed upon between the client and the custodian bank when the client accepts the applicable commission schedule published by the custodian bank or otherwise agrees.
- Commission charges will vary among clients and best execution may not be guaranteed by Bellecapital.

Because the client selects the custodian and thereby the broker-dealer to be used for securities transactions involving its account, different clients may have accounts at the same custodian bank or a single client may have multiple accounts at different custodian banks. Therefore, a client may pay an executing broker a higher commission for a securities transaction than might be charged by another broker-dealer executing the same transaction or than the commission charged by the broker-dealer executing a similar transaction for another client of Bellecapital. Commission charges may also vary between clients. It also is possible that the broker-dealer used for transactions may not be a registered broker-dealer under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act").

In making the decision as to which securities are to be purchased or sold and the amounts thereof, Bellecapital is guided by the general guidelines set up at the inception of the adviser-client relationship in cooperation with the client and a periodic review of the asset allocation. These general guidelines cover such matters as the relative proportion of debt and equity securities to be held in the portfolio, the degree of risk which the client wishes to assume and the types and amounts of securities to be held in the portfolio. Bellecapital's authority may be further limited by specific instructions from the client which may restrict or prohibit transactions in certain securities.

Bellecapital may manage numerous accounts with similar or identical investment objectives or may manage accounts with different objectives that may trade in the same securities. Despite such similarities, portfolio decisions relating to client investments and the performance resulting from such decisions may differ from client to client. Bellecapital will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible clients, particularly if different clients have selected different investment profiles, have materially different amounts of capital under management with Bellecapital or different amounts of investable cash available. In certain instances such as purchases of less liquid publicly traded securities (as some small cap securities frequently are) or oversubscribed public offerings, it may not be possible or feasible to allocate a transaction pro rata to all eligible clients, especially if clients have materially different sized portfolios. Therefore, not all clients will necessarily participate in the same investment opportunities or participate on the same basis.

Use of Soft Dollars

Bellecapital maintains soft dollar arrangements only in accordance with the conditions of the safe harbor provided by Section 28(e) of the Exchange Act. Section 28(e) is a "safe harbor" that permits an investment manager to use brokerage commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process.

Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data, certain valuation and pricing data and economic data); and advice from brokers on order execution.

Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

Trade Errors

Although the Bellecapital's goal is to execute trades seamlessly in the manner intended by the client and consistent with its investment decisions, Bellecapital recognizes that errors can occur for a variety of reasons. Bellecapital's policy in dealing with such errors is to:

- Identify any errors in a timely manner.
- Correct all errors so that any affected account is placed in the same position it would have been in had the error not occurred.
- Incur all costs associated with correcting an error (or to pass the costs on to the broker, depending on which party is at fault). Costs from corrective actions are not to be passed on to a client.
- Evaluate how the error occurred and assess if any changes in any processes are warranted or if any continuing education is required.

The consequences and the required corrective measures may be different depending upon the nature of the error or the account affected.

XIII. Review of Accounts

All managed accounts are reviewed at least quarterly in an effort to ensure that they remain aligned with the client's investment plan and are positioned appropriately given current market conditions as part of Bellecapital's general investment process.

XIV. Client Referrals and Other Compensation

Bellecapital is a fee-only adviser. Bellecapital's policy is not to accept compensation from third parties relating to the investment advice it gives to its clients. To the extent Bellecapital receives a referral fee for an investment it recommends, it will reduce the fees owed by the respective client to Bellecapital or will credit the respective client's account for the applicable amount. For these purposes, referral fees include marketing fees, discounts, finder's fees, service fees, including shareholder service fees, referral fees, 12b-1 fees or bonus commissions paid by mutual funds, privately offered funds, insurance products, variable annuities or other investment products paid to Bellecapital for recommending an investment, for investing client funds in such product or for marketing assistance or the performance of certain administrative tasks associated with making an investment.

Bellecapital may pay fees for client referrals. Such arrangements comply with the conditions and requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940.

Bellecapital's employees or associated persons may be invited to attend seminars and meetings with the costs associated with such meetings borne by a sponsoring brokerage firm or other party extending the invitation.

XV. Custody

Bellecapital typically is given authority to have its fees directly deducted from a client's account. Consequently, Bellecapital is deemed to have custody of such funds. Bellecapital has established procedures to ensure the client's account is held at a qualified custodian in a separate account for each client. The client establishes the bank account directly and therefore is aware of the qualified custodian's name, address and the manner in which investments are maintained. Account statements are prepared by the custodian bank and delivered directly to the client or the client's representative at least quarterly. Generally, these statements include a listing of all valuations and all transactions occurring during the period. Clients should carefully review these statements and when they have questions contact either Bellecapital or the custodian bank. The custodian bank also provides the client with all required year-end tax information.

Bellecapital also may provide performance information to advisory clients about the client's performance, which may also include a reference to a relevant market index or benchmark. Bellecapital may provide reports analyzing the sources of each account's performance, including customary performance attribution and risk measurement statistics such as standard deviations, Sharpe ratios, deviations from benchmark returns, and investments that had the largest positive and negative impacts on performance.

XVI. Investment Discretion

Bellecapital accepts discretionary authority to manage client accounts as described above. Clients rarely restrict the authority by which Bellecapital may act; however, each client has the opportunity to communicate any form of limitation in writing. In the context of a discretionary mandate, Bellecapital makes investment decisions without consulting the client by utilizing its limited power of attorney for the management of the account maintained at the custodian bank selected by the client. In the context of a nondiscretionary mandate, Bellecapital's investment discretion is limited to an advisory role and Bellecapital does not implement investment decisions without the approval of the client. Bellecapital never has discretionary authority to select a qualified custodian for a client's account.

XVII. Voting Client Securities

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act, Bellecapital has adopted and implemented written policies and procedures governing the voting of client securities. Bellecapital does not have the authority to vote client proxies, as disclosed in Bellecapital's standard asset management agreement. If Bellecapital inadvertently receives any proxy materials on behalf of a client, Bellecapital will promptly forward such materials to the client.

Bellecapital will, until guidance to the contrary is provided by the SEC and/or such other relevant legal and/or regulatory bodies, employ proxy voting guidelines and proxy voting procedures, outlined in Bellecapital's Compliance Manual. Clients may request a copy of these policies and procedures.

Bellecapital does not direct client participation in class action lawsuits. Bellecapital will determine whether to return any documentation inadvertently received regarding clients' participation in class actions to the sender, or to forward such information to the appropriate clients.

XVIII. Financial Information

Bellecapital has not been the subject of a bankruptcy petition at any time.