

# SWISS USADVISORS

Firm Brochure  
ADV Part 2A

March 31, 2012

## ITEM 1. COVER PAGE

This brochure (Form ADV Part 2A) provides information about the qualifications and business practices of Swiss USAdvisors Ltd. (“Swiss USAdvisors”). Swiss USAdvisors is a registered investment advisor (“RIA”) 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 44 533 0710 or by e-mail at [info@swiss-usadvisors.ch](mailto:info@swiss-usadvisors.ch).

The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Additional information about Swiss USAdvisors is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). There is no specific level of skill or training required to register as an RIA with the SEC.

## ITEM 2. MATERIAL CHANGES

The most recent brochure for Swiss USAdvisors was issued in September 2011. Swiss USAdvisors’s business activities have not changed materially since the last annual update. Material changes to this brochure include: (i) a more detailed description of the investment risks associated with Swiss USAdvisors’s services; and (ii) a more detailed description of Swiss USAdvisors’s brokerage practices and service offerings. There are non-material changes throughout this update.

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## ITEM 4. ADVISORY BUSINESS

### Firm Description

Swiss USAdvisors Ltd. (“Swiss USAdvisors”), a Swiss corporation based in Zurich, Switzerland, provides investment advisory services to clients with connections to the United States (“U.S.”). Swiss USAdvisors was formed in 2011.

### Principal Owners

The principal owner of Swiss USAdvisors is Roland Hansalik.

### Services

Swiss USAdvisors provides investment supervisory services primarily for individuals, family offices, 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 Swiss USAdvisors. 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. We primarily manage discretionary client accounts (each an “Account”) maintained at third-party financial institutions.

Swiss USAdvisors advice is limited to the types of securities and transactions as set forth in Item 8.

### *Discretionary Management Service*

Under a discretionary management mandate, Swiss USAdvisors 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. Swiss USAdvisors determines which securities are bought and sold for the account and the total amount of the purchases and sales. Swiss USAdvisors’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. Swiss USAdvisors does not select the broker or dealer for effectuating securities transactions and does not negotiate the commission rates paid to effectuate transactions. Swiss USAdvisors 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 Investment Advisory Service*

Under a non-discretionary management mandate, Swiss USAdvisors 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 Swiss USAdvisors to place orders for the execution of securities transactions for the client’s account. In such cases, Swiss USAdvisors does not select the broker or dealer used for effectuating such securities transactions and does not negotiate the commission rates paid. Swiss USAdvisors will place orders with the custodian bank or broker directed by the client.

Swiss USAdvisors does not issue periodic publications, nor does Swiss USAdvisors prepare for distribution special reports or analysis relating to securities. Generally, Swiss USAdvisors does not issue any charts, graphs, formulas or other devices for use by clients in evaluating individual securities, nor does Swiss USAdvisors 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, Swiss USAdvisors offers clients certain broad guidance commonly considered as financial planning.

### Wrap Fee Programs

Swiss USAdvisors does not participate in wrap fee programs.

### Assets under Management

Swiss USAdvisors did not manage any assets as of December 31, 2011.

## ITEM 5. FEES AND COMPENSATION

For its discretionary asset management service and nondiscretionary asset management service, Swiss USAdvisors charges a fee for its services based on a percentage of the market value of assets under management. For its active trading based managed account strategy service, Swiss USAdvisors charges a fee with both a fixed and performance component as detailed below. Particularly in the context of clients selecting the active trading based managed account strategy, the fees charged by Swiss USAdvisors may be higher than the fees normally charged by other investment advisors offering similar investment management services.

Fees charged by Swiss USAdvisors do not include custodian fees, fees for trade settlement, brokerage commissions, or any other fee imposed by the custodian bank or the broker. The fees also do not include management or other fees charged by funds or other products that client Accounts may be invested in from time to time. Swiss USAdvisors also advises clients on foreign currencies and the below fee schedule applies and is negotiable to such advice. Compensation is not payable in advance.

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

Swiss USAdvisors relies on custodian banks of its clients to value the assets in the respective client accounts, and Swiss USAdvisors computes its investment advisory fees based on these valuations provided by the custodian. At the end of the quarter Swiss USAdvisors 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 Swiss USAdvisors.

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

The fixed asset management fee for discretionary and nondiscretionary asset management services 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.

<b>From USD</b>	<b>To USD</b>	<b>Fee</b>
1 Million	3 Million	1.5% p.a.
3 Million	5 Million	1.25% p.a.
5 Million	10 Million	1.00% p.a.
Over 10 Million		Negotiable

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

Swiss USAdvisors offers certain clients the option of paying a base fee and a performance fee in lieu of the above fee schedule. Generally, this alternative compensation model corresponds to a management approach that is more active and may be more tailored to the client, often for clients with specific investment goals. This alternative compensation model is offered only in accordance with Rule 205-3 under the Advisers Act, to clients who meet the following requirements: (i) clients with at least \$750,000 under management with Swiss USAdvisors; (ii) clients with more than \$1,500,000 of net worth; or (iii) 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). Under this alternative compensation model, a base fee of 1% per annum is charged in lieu of the normal fee schedule and in addition, Swiss USAdvisors will receive a performance fee of 10%. The performance fee is payable on net performance of the managed account, which 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 performance fee is not payable on recouperated losses in the value of the managed account on a year-by-year basis (i.e., the fee is subject to a high water mark). 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.

In addition to the fees charged directly to each client's Account, Swiss USAdvisors may receive indirect compensation from time-to-time in the form of placement fees, discounts, finder's fees or distribution fees from third parties based on the investments Swiss USAdvisors makes or recommends. For example, certain mutual or private funds may pay a fee to Swiss USAdvisors for investing client portfolios in such fund. The receipt and potential to receive such indirect compensation creates a material conflict of interest for Swiss USAdvisors and its clients. Swiss USAdvisors can have an incentive to recommend investment products based on the compensation Swiss USAdvisors will receive. Swiss USAdvisors generally does not inform its clients of the receipt of indirect compensation. Swiss USAdvisors seeks to minimize its conflicts of interest relating to indirect compensation by closely monitoring the amount of indirect compensation it receives and ensuring that such compensation has not materially impacted our investment decisions.

## ITEM 6. PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

### Performance Based Fee Scheme

See the discussion under item 5 for a description of the performance fees charged by Swiss USAdvisors. Swiss USAdvisors potentially can receive higher fees with a performance based compensation structure than from those accounts that pay the asset based fee schedule described above. To minimize this conflict of interest, Swiss USAdvisors generally will enter into a performance fee arrangement upon the request of a client or in the case of specific investment performance objectives.

### Side-by-Side Management

Swiss USAdvisors manages many client Accounts and as a result of differences in the fees charged on various account, Swiss USAdvisors has conflicts related to such side-by-side management of different accounts. For example, Swiss USAdvisors Advisors may manage more than one account according to the same or a substantially similar investment strategy and yet have a different fee schedule applicable to such account as a result of the respective client's assets managed by Swiss USAdvisors.

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 although not identical 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, 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 if Swiss USAdvisors individually tailors clients' Accounts.

Swiss USAdvisors has policies and procedures in place aimed to ensure that all client Accounts are treated fairly and equitably. Swiss USAdvisors 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, Swiss USAdvisors 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.

## ITEM 7. TYPES OF CLIENTS

Swiss USAdvisors offers investment management services to individuals, family offices, trusts, estates, corporations and other business entities or foundations.

Generally, Swiss USAdvisors prefers its client relationships to have a minimum of \$1 million of assets under management. Swiss USAdvisors 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.

## ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGY AND RISK OF LOSS

### Methods of Analysis & Investment Strategy

Swiss USAdvisors uses a combination of a top-down, bottom-up approach to its investment approach. First, Swiss USAdvisors generates portfolio allocations based on the Client's investment profile supplemented by Swiss USAdvisors' macro-economic views. Macro-economic trends along with cyclical and trending analysis of sectors, markets, industries, and asset classes then inform the portfolio selection. In selecting specific securities, Swiss USAdvisors then employs a bottom-up approach evaluating the fundamentals of the specific investment, comparisons to benchmarks and to similar securities, and timing. Thus, in sum, Swiss USAdvisors takes both long and short positions in securities based on their fundamentals, market conditions, cyclical indications, and timing all within the broader macroeconomic context of the particular industry, sector, market, credit and interest rate environment. Swiss USAdvisors views itself as a value investor when selecting individual securities. However, what makes Swiss USAdvisors' approach unique is the global investment approach and the active currency overlay. Currency overlay refers to the management of currency exposure of the underlying investments. This risk is managed separately from the underlying assets. We actively manage this risk, which enables the investor to reduce risk and add return to an international portfolio (alpha).

### Types of Securities

Swiss USAdvisors offers investment management and advisory services on the following types of securities and transactions: exchange-listed securities, securities traded over-the-counter, foreign issuers, options (including covered and uncovered positions), 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.

Swiss USAdvisors will also invest in hedge funds or other private funds on a limited basis. Investments in 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. Swiss USAdvisors relies on the valuation and performance data provided directly from the private funds. Private funds may often be delayed in providing Swiss USAdvisors with the valuation information; therefore, Swiss USAdvisors may likewise be delayed in reporting this information to the client.

Some of these securities, particularly those issued outside of the US, may not be registered with the SEC. Swiss USAdvisors is able to invest clients on a discretionary basis in securities offered outside the US in reliance on Regulation S under the Securities Act of 1933.

Swiss USAdvisors 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. Swiss USAdvisors also requires notification by the client if the client's representations become inaccurate.

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

## Material Investment Risks

Clients should bear in mind that investing in securities involves a risk of loss. Clients should be prepared to bear the risk of losing their investment in securities. Past performance is not an indication as to future results.

Among other risks, all investments made by Swiss USAdvisors will be subject to market risk, liquidity risk, and interest rate risk, and may be subject to credit and counterparty risk, risk in fluctuations of commodity pricing, risk of loss due to political and economic developments in foreign markets, and risks involving movements in the currency markets. US clients should bear in mind that because Swiss USAdvisors invests almost exclusively outside the US, such clients should not invest all of their assets with Swiss USAdvisors because the US market is an important market. Clients should obtain exposure to the US market through qualified domestic investment advisers.

*Market Risk.* Market risk refers to the risk of loss arising from general economic and market conditions, such as interest rates, availability of credit, inflation rates, commodity prices, economic uncertainty, changes in laws and national and international political circumstances. Each Account is subject to market risk, which will affect volatility of securities prices and liquidity. Such volatility or illiquidity could impair profitability or result in losses.

*Risk Related to Equity Investments.* Investments in equity securities generally involve a high degree of risk. Prices are volatile and market movements are difficult to predict. These price movements may result from factors affecting individual companies or industries. Price changes may be temporary or last for extended periods. The value of specific equity investments generally correlates to the fundamentals of each particular security, but prices of equity investments may raise or fall regardless of fundamentals due to movements in securities markets.

*Risks Related to Fixed Income Investments.* Investments in fixed income securities (*i.e.*, bills, notes, bonds, preferred, convertibles, ETFs and funds) involve a number of risks such as credit, interest rate, reinvestment, and prepayment risk, all of which affect the value of the security and volatility of such value. In general, fixed income securities with longer maturities are more volatile. Additionally, the prices of below investment grade (lower credit quality) securities fluctuate more than investment grade issues. Prices are sensitive to developments affecting the company's business and to changes in the ratings assigned by rating agencies. Prices are often closely linked with the company's stock prices. High yield securities can experience sudden and sharp price swings due to changes in economic conditions, stock market activity, large sales by major investors, default, or other factors. Developments in the credit market may have a substantial impact on the companies we may invest in and will affect the success of such investments. In the event of a default, the investment may suffer a partial or total loss.

*Risks Related to Investments in Funds.* For purposes of this discussion, the term "Fund" includes, but is not limited to, a U.S. or non-U.S. unit investment trusts, open-end and closed-end mutual funds, hedge funds, private equity funds, venture capital funds, real estate investment trusts, exchange traded funds ("ETFs") and any other private alternative or investment fund. Investments in Funds carry risks associated with the particular Fund. Each Fund and the respective manager will charge their own management and other fees, which will result in a client bearing an additional level of fees



and expenses. U.S. mutual funds generally must distribute all gains to investors, including investors who may not have an economic gain from investing in the fund, which can lead to negative tax effects on investors, particularly non-U.S. persons. Investments in certain non-U.S. funds by U.S. persons result in U.S. tax and reporting obligations and failing to comply with such requirements can result in significant penalties. Funds generally have unique risks of loss as described in their offering documents. Funds can make use of leverage to enhance returns, which raise the risk of default, interest rate risk, and increase volatility. Certain Funds invest in derivatives, which can raise specific counter-party risks. Funds that are not traded can have illiquidity and valuation risks resulting in the inability to redeem or sell the Fund on demand. See the discussion below relating to risks in structured products and derivatives for more information on the risks of investing in Funds.

*Risks related to Structured Products & Derivatives.* Swiss USAAdvisors may invest in structured products or derivatives or invest in Funds that hold investments in structured products or derivatives. 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:

- a. *Leverage.* Certain investment instruments such as derivatives may use leverage to achieve returns. The use of leverage 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 Swiss USAAdvisors on an account's performance.
- b. *Counterparty Credit Risk.* When a derivative is purchased, a client's Account will be subject to 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. 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.
- c. *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 account's assets being incompletely hedged or not completely offsetting price changes in the derivative position.
- d. *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, a 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.

- e. *Less Accurate Valuation.* The absence of a liquid market for over-the-counter derivatives increases the likelihood that Swiss USAdivisors will not be able to correctly value these interests.

*Risks Related to Futures.* Futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. Because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account, and a relatively small price movement in a futures contract may result in substantial losses to the trader. Futures positions are marked to the market each day and variation margin payments must be paid to or by Swiss USAdivisors. Futures trading may also be illiquid, and certain exchanges do not permit trading in particular contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. Should prices fluctuate during a single day's trading beyond those limits, which conditions might last for several days with respect to certain contracts, Swiss USAdivisors could be prevented from promptly liquidating unfavorable positions and thus be subjected to substantial losses.

*Risks Relating to Foreign Currency Exposure.* Accounts managed by Swiss USAdivisors are routinely subject to foreign currency risks and bear a potential risk of loss arising from fluctuations in value between the U.S. Dollar and such other currencies. Swiss USAdivisors invests in securities and other investments that are denominated in currencies other than U.S. Dollars. Some client's Accounts may hold significant non-dollar cash positions. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates. Often clients are seeking this foreign currency exposure. Thus, Swiss USAdivisors generally does not seek to hedge the foreign currency exposure. Even to the extent that Swiss USAdivisors does seek to hedge the foreign currency exposure, such hedging strategies may not necessarily be available or effective.

*Non-U.S. Investments.* Investments in non-U.S. securities expose a client's portfolio to a number of risks not always evident in U.S. markets. Such risks include, among other things, trade balances and imbalances, economic policies of various foreign governments, exchange control regulations, withholding taxes, potential for nationalization of assets or industries, and political instability.

## ITEM 9. DISCIPLINARY INFORMATION

Swiss USAdivisors has not been involved in any legal or disciplinary events. Roland Hansalik, our owner and principal manager, was suspended by FINRA from July 15, 2010, to February 23, 2011, for his failure to comply with an arbitration award. The arbitration award involved a dispute between Wells Fargo Advisors LLC and Mr. Hansalik in connection with the payment of an installment obligation, and the Superior Court of California later vacated this arbitration award as a result of the failure of Wells Fargo Advisors LLC's to serve process on Mr. Hansalik. See our ADV Part 1 for more information.

## ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Swiss USAdivisors 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.

Swiss USAdvisors is regulated by the Swiss Financial Market Supervisory Authority (FINMA). Swiss USAdvisors' principal owner also is the principal owner of Aquila Himco AG, a Swiss based investment adviser that is not registered with the SEC. Aquila Himco AG provides services to clients without a U.S. connection. Swiss USAdvisors does not believe the relationship with Aquila Himco AG creates a conflict of interest.

Swiss USAdvisors does not recommend or select other investment advisers for its clients.

## ITEM 11. CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Swiss USAdvisors seeks to minimize conflicts of interest and resolve those conflicts of interests in favor of its clients to the extent it determines reasonable and necessary in accordance with its Code of Ethics. Swiss USAdvisors recognizes that indirect compensation it receives presents a conflict of interest as described elsewhere in this brochure.

### Code of Ethics

Swiss USAdvisors treats all clients equitably and has a duty to act in its clients' best interests. Except as otherwise described in this brochure, the interests of clients will be placed above Swiss USAdvisors's interests in case of any conflict. Swiss USAdvisors has adopted a Code of Ethics (the "Code") and attendant policies and procedures governing personal securities transactions by Swiss USAdvisors and its personnel. The Code also provides guidance and instruction to Swiss USAdvisors and its personnel on their ethical obligations in fulfilling its duties of loyalty, fairness and good faith towards the clients.

The overriding principle of Swiss USAdvisors's Code of Ethics is that all employees of Swiss USAdvisors owe a fiduciary duty to clients for whom Swiss USAdvisors acts as investment adviser or sub-adviser. Accordingly, employees of Swiss USAdvisors 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 Swiss USAdvisors'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 Swiss USAdvisors's execution of supervisory policies and procedures, and the review and enforcement processes of such policies and procedures. Swiss USAdvisors has

designated a Chief Compliance Officer responsible for maintaining, reviewing and enforcing Swiss USAdvisors's Code of Ethics and corresponding policies and procedures.

The fundamental position of Swiss USAdvisors Advisors is that, in effecting personal securities transactions, personnel of Swiss USAdvisors Advisors 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.

If a person subject to the Code of Ethics fails to comply with the Code, such person may be subject to sanctions, which may include warnings, disgorgement of profits, restrictions on future personal trading, and, in the most severe cases, the possibility of dismissal.

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

### Participation or Interest in Client Transactions

Although Swiss USAdvisors does not hold proprietary positions, Swiss USAdvisors's related persons may own, buy, or sell for themselves the same securities that they or Swiss USAdvisors have recommended to clients. Thus, from time to time, a client Account may purchase or hold a security in which a related person of Swiss USAdvisors has financial interest or an ownership position, or a related person may purchase a security that is held in a client Account.

Also from time to time, Swiss USAdvisors employees or related persons may 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 Swiss USAdvisors 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. Firm personnel communicate freely and frequently among themselves in order to ensure the application of these fundamental restrictions.

## ITEM 12. BROKERAGE PRACTICES

Swiss USAdvisors does not have custody or possession of client assets. Each of Swiss USAdvisors's clients maintains custody of his or her assets at one or more custodians (usually Swiss based banks) generally selected from a list of preferred custodians maintained by Swiss USAdvisors. Swiss USAdvisors reviews the list of preferred custodians on an annual basis and as part of that review, considers a custodian bank's pricing, brokerage practices and execution guarantees. Swiss based preferred custodians generally must agree to obtain best execution in accordance with the custodian's duties under Swiss banking law, however, best execution for these purposes can differ from the SEC's definition of best execution. Other factors that Swiss USAdvisors uses to evaluate preferred custodians include the following: more convenient access to a trading desk; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; and favorable fee schedules. No single criteria will validate nor invalidate a custodian from being a preferred custodian or service provider used, but rather, all criteria taken together will be used in evaluating the preferred custodians.

Each custodian maintains relationships with designated broker-dealers (including, sometimes and for certain securities, an affiliate of the custodian). Swiss USAdvisors effectuates security transactions through the custodian or the broker or dealer designated by the custodian bank. Swiss USAdvisors does not guarantee best execution or the best commissions because Swiss USAdvisors does not control these factors. Therefore, clients should be aware of the following:

- Swiss USAdvisors does not negotiate commission rates with broker-dealers with whom orders are placed either directly or via the custodian as the broker-dealer is dictated by the custodian. The applicable commissions are agreed upon between the client and the custodian when the client accepts the applicable commission schedule published by the custodian.
- Commission charges will vary among clients and best execution may not be guaranteed by Swiss USAdvisors.

Because the client selects the custodian (generally from a list of preferred custodians) 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 Swiss USAdvisors. 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”).

### *Block Trades*

Swiss USAdvisors generally will combine orders into block trades when purchasing the same security for multiple client Accounts. Such aggregated orders (“block trades”) will be pre-allocated among the participating client Accounts. Participating Accounts in a block trade placed with the same broker or the same custodian bank generally will receive an average price and pay a pro rata share of any transaction costs. Partial fills of transactions generally will be allocated on a pro rata basis.

Because Swiss USAdvisors’s clients maintain Accounts at different custodian banks and because many of these custodian banks mandate the use of a specific broker (see description above), often Swiss USAdvisors places more than one block trade for the same security with more than one broker. Swiss USAdvisors transmits such block trades to more than one broker in a random pattern (*i.e.*, Swiss USAdvisors does not favor one custodian bank or broker over another with respect to the order in which block trade orders are sent). The average price realized on a securities order placed with different brokers will vary broker to broker, and clients generally will receive different average prices and transaction costs for the same security order depending upon the custodian bank and the respective broker used in the block trade. Also note, since some Swiss custodian banks warehouse securities orders until filled, there may be delays in settlement between client Accounts depending on the practice of the respective custodian bank and/or broker.

### *Decision Making Process; Balancing the Interests of Multiple Client Accounts*

In making the decision as to which securities are to be purchased or sold and the amounts thereof, Swiss USAdvisors 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 that the client wishes to assume and the types and amounts of securities to be held in the portfolio. Swiss USAdvisors's authority may be further limited by specific instructions from the client, which may restrict or prohibit transactions in certain securities.

Swiss USAdvisors 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. Swiss USAdvisors 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 Swiss USAdvisors or different amounts of investable cash available. In certain instances such as purchases of less liquid publicly traded securities 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

Swiss USAdvisors may maintain soft dollar arrangements, and to the extent it does it will only do so 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 Swiss USAdvisors's goal is to execute trades seamlessly in the manner intended by the client and consistent with its investment decisions, Swiss USAdvisors recognizes that errors can occur for a variety of reasons. Swiss USAdvisors'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.

### ITEM 13. 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 Swiss USAdvisors's general investment process.

### ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

From time to time Swiss USAdvisors may pay a referral fee to individuals or entities for services provided in identifying and introducing prospective advisory clients. Any such arrangements will comply with the conditions and requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940.

Swiss USAdvisors may receive remuneration from third parties in connection with its investment advisory services. Such remuneration can include referral fees, marketing fees, discounts, finder's fees, service fees, including shareholder service fees, 12b-1 fees or bonus commissions paid by mutual funds, privately offered funds, insurance products, variable annuities or other investment products paid to Swiss USAdvisors 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. Such remuneration received by Swiss USAdvisors from third parties belongs exclusively to Swiss USAdvisors and does not reduce the fee payable by the client to Swiss USAdvisors. Such fees can present a conflict of interest for Swiss USAdvisors as Swiss USAdvisors may receive compensation for making an investment advisory recommendation or investment allocation. Certain custodian banks may pay Swiss USAdvisors a fee in connection with a client's account maintained at the custodian bank. Under customary Swiss banking practice, such fee is based on the size of the client account and based on the transactions that have occurred within the account during the past quarter. Due to the fact that increased trading within a client account will increase the fee paid by the custodian bank to Swiss USAdvisors, the receipt of such compensation presents a conflict of interest for Swiss USAdvisors. Swiss USAdvisors has a financial incentive to increase the number of transactions within a client's account because the larger the commissions generated by trading within the account, the higher the fee paid by the bank to Swiss USAdvisors will be. Swiss USAdvisors agrees to fully disclose the receipt of such fees to the client in writing upon the client's request.

Swiss USAdvisors'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.

## ITEM 15. CUSTODY

Swiss USAdvisors typically is given authority to have its fees directly deducted from a client's account. Consequently, Swiss USAdvisors is deemed to have custody of such funds. Swiss USAdvisors 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 Swiss USAdvisors or the custodian bank. The custodian bank may provide, generally upon a client's request, a tax report for the client.

## ITEM 16. INVESTMENT DISCRETION

Swiss USAdvisors accepts discretionary authority to manage client accounts as described above. Clients rarely restrict the authority by which Swiss USAdvisors may act; however, each client has the opportunity to communicate any form of limitation in writing. In the context of a discretionary mandate, Swiss USAdvisors 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, Swiss USAdvisors's investment discretion is limited to an advisory role and Swiss USAdvisors does not implement investment decisions without the approval of the client. Swiss USAdvisors never has discretionary authority to select a qualified custodian for a client's account.

## ITEM 17. VOTING CLIENT SECURITIES

### Proxy Voting

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

Swiss USAdvisors Advisors 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 Swiss USAdvisors Advisors' Compliance Manual. Clients may request a copy of these policies and procedures.

### Class Actions

Swiss USAdvisors does not direct client participation in class action lawsuits. Swiss USAdvisors 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.



Swiss USAdvisors 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, Swiss USAdvisors 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.

#### ITEM 18. FINANCIAL INFORMATION

Swiss USAdvisors has not been the subject of a bankruptcy petition at any time. As of the date of this brochure we do not believe it is reasonably likely that any future liability will impact our ability to meet our contractual commitments to our clients.