



Firm Brochure  
ADV Part 2A

February 11, 2020

**Item 1. Cover Page**

This brochure (the “Brochure”) provides information about the qualifications and business practices of Beck Asset Management AG (“Beck AM”). Beck AM 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 (0) 44 462 40 40 or by e-mail at [isak.mosbacher@b-am.ch](mailto:isak.mosbacher@b-am.ch).

The information in this Brochure has not been approved or verified by the SEC or by any state securities authority. Additional information about Beck AM is available on our Website [www.b-am.ch](http://www.b-am.ch) or you may check us 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 last annual update of this Brochure was in January 2019. This section discusses only material changes that have occurred at Beck AM since the Brochure’s last annual update which are the following:

since the last update, there were no material changes.

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## Item 4. Advisory Business

### Firm Description

Beck Asset Management AG (“Beck AM” or “the Firm”), a Swiss corporation based in Zurich, Switzerland, provides investment advisory services to clients resident in the United States (“US”). Beck AM also may serve non-US as well as non-US resident clients. Beck AM commenced operations in April 2012. Beck AM adheres to the ethical principles of Judaism, as well as to the SEC’s code of ethics, in the conduct of its business practices.

### Principal Owners

The Principal Owners of Beck AM are Efrajim Beck and Naftali Beck.

### Services

Beck AM provides discretionary asset management and nondiscretionary investment advisory services. Beck AM provides portfolio management consistent with the circumstances, preferences and objectives of each client. Investment advisory services are provided based on the individual needs and investment objectives of each client as communicated to Beck AM. 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. Each client’s assets are managed in a separate account (an “Account”) maintained at a third-party financial institution.

Beck AM’s client portfolios may be diversified across a variety of asset classes, including cash, non-US dollar currencies, marketable securities. Accounts may include, without limitation: equity securities, fixed income securities, money-market securities, limited partnership interests, mutual funds, exchange traded funds, hedge funds, options, structured product investments and other alternative investments consistent with a client’s suitability, his or her overall investment strategy, and his or her risk tolerance.

Whilst generally Beck AM makes investments with a longer time horizon, Beck AM may

recommend changes to allocations in an attempt to take advantage of conditions in the current economic environment being sensitive to transaction costs and taxes, as applicable. Such allocation changes may involve short-term underweight or overweight positions in various asset classes designed to capitalize on current economic conditions over the short-term.

Beck AM’s advice is limited to the types of securities and transactions as set forth in Item 8.

### *Discretionary Asset Management*

Beck AM offers discretionary asset management services whereby Beck AM has the authority to supervise and direct the investments of and for each client’s Account without prior consultation with the client. Beck AM determines the securities that are bought and sold for the client’s Account and the total amount of the purchases and sales. Beck AM’s authority may be subject to conditions imposed by individual clients as set forth and agreed upon in the asset management agreement entered into between Beck AM and the client. For example, a client may restrict or prohibit transactions in certain types of securities.

Beck AM seeks to obtain a rate of return consistent with each client’s objectives, risk tolerance, future liquidity requirements and potential tax and legal restrictions.

### *Nondiscretionary Investment Advisory*

For clients who desire a nondiscretionary investment advisory service, Beck AM offers investment advice similar to its discretionary asset management service in a nondiscretionary mandate whereby prior consultation and client approval is required before Beck AM purchases or sells any security. Beck AM works with its nondiscretionary clients to define their investment objectives and consults with each client with investment suggestions in line with the defined objectives.

### Wrap Fee Programs

Beck AM does not participate in wrap fee programs.

## Assets under Management

Beck AM managed approximately \$20'914'456 on a discretionary basis and approximately \$5'229'852 on advisory basis, totaling approximately \$ 26'144'308 as of December 2019.

## Item 5. Fees and Compensation

Beck AM's fees generally are charged as a percentage of the market value of assets under management ("AUM") or assets under advisement ("AUA"). The asset management fee is charged quarterly or bi-annually in arrears. AUM or AUA is measured with reference to the total value of the closing balance at the end of each month of the prior quarter.

Generally, Beck AM charges between 0.5% and 1.0% of AUM or AUA depending on the strategy selected by the client. The following annual fees apply to each of the respective strategies: (i) for the Conservative Income strategy, 0.6%; (ii) the Income strategy, 0.75%, (iii) the Yield strategy, 0.9%; and (iv) the Balanced strategy, 1.0%. The minimum fee is CHF 2,500 or its equivalent in foreign currency. Fees for services on behalf of Swiss resident clients generally are subject to a value added tax, currently 7.7%.

Compensation is not payable in advance. Accounts initiated or terminated during a calendar semester or quarter will be charged a prorated fee. Upon termination of any relationship, accrued, unpaid fees will be due and payable.

Beck AM may negotiate fees at its discretion taking into consideration, for example, the client's overall assets managed by Beck AM. Beck AM may also charge additional fees for services outside the scope of the services described above. Any additional fees are disclosed and agreed to by the client.

Beck AM generally relies on the custodian bank to value the assets in each client's Account. Beck AM typically will arrange with the custodian for the direct payment of its fees from the client's Account.

Beck AM does not receive indirect compensation at any time from any third party such as finder's

fees, solicitation fees, retrocessions, deposit fees, inventory commissions or discount.

Fees charged by Beck AM 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.

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

### Performance-Based Fees

Beck AM does not charge performance-based fees. Additionally, Beck AM does not manage or advise accounts based on commissions or subscription fees.

### Side-by-Side Management

Beck AM manages many client Accounts and as a result of differences in the fees charged on various accounts, Beck AM may have conflicts related to such side-by-side management of different accounts. For example, Beck AM generally manages more than one account according to the same or a substantially similar investment strategy and yet such accounts may be charged different fees as a result of the respective clients' AUM with Beck AM.

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, particularly with respect to securities that have limited availability, such as initial public offerings, and transactions in one account that closely follows 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 Beck AM individually tailors clients' Accounts.

Beck AM has policies and procedures in place aimed to ensure that all client Accounts are

treated fairly and equitably. Beck AM 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, Beck AM 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

Beck AM offers asset management services to high net worth individuals and their foundations and trusts, estates, holding companies or other estate planning structures.

Generally, Beck AM prefers its client relationships to have a minimum of \$250,000 of AUM or AUA. Beck AM may accept Accounts below the minimum requirements, or may retain Accounts that have dropped below the minimum requirement due to market fluctuation. Accounts that have family, corporate, or other relationships may be aggregated for purposes of the minimum account size.

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

### Methods of Analysis

Beck AM manages clients' assets based on its view of macroeconomic trends and the value of particular securities. In selecting specific investments, Beck AM uses research from brokerage firms along with other industry analysts and strategists. Beck AM analyzes and reviews third party analysis of fundamental and technical research on macroeconomic and microeconomic levels. The result of this process is a solid understanding of the consensus view and

relevant out-of-consensus views from a strategic top-down perspective as well as from a tactical bottom-up perspective on markets, sectors and individual securities. Based on this analysis, Beck AM makes investment, divestment or no-action decisions.

### Investment Strategies

Beck AM generally constructs client portfolios within the parameters of the following four investment strategies, which serve as the foundation for tailor-made portfolios. Each client's portfolio will differ based on a client's unique situation and investment objectives within the parameters of the selected strategy.

*1. Conservative Income Strategy:* The conservative income portfolio seeks to preserve the invested capital and achieve regular interest income. It is pursued with approximate ranges of 85 - 95% in fixed income securities, 0 - 5% in money market instruments and 5 - 12% in equities.

*2. Income Strategy:* This strategy seeks to achieve long-term capital preservation with minor price variations and to create regular interest income. It is optimized with dividends and capital gains. Portfolios consist of approximate ranges of 75 - 90% in fixed income securities (which may include up to 10% in emerging markets), 0 - 5% in money market instruments and 8 - 22% in equities and/or alternative investments.

*3. Yield Strategy:* The yield-oriented strategy aims at achieving a long-term capital growth with moderate volatility. Main sources of income are interests and dividends, supplemented with capital gains. Portfolios are constructed with approximate ranges of 60 - 80% in fixed income securities (which may include up to 15% in emerging markets), 0 - 5% in money market instruments and 18 - 37% in equities and/or alternative investments.

*4. Balanced Strategy:* Obtaining long-term capital growth is the main objective, whereby moderate price fluctuations must be expected. Earnings are generated from interest and dividends, in addition to capital gains. Portfolios consist of approximate ranges of 40 - 65% in fixed income securities (which may include up to 15% in emerging markets), 0 - 5% in money market instruments, 33 - 55% in equities and/or alternative investments.

## Types of Securities

Beck AM offers investment management and advisory services on the following types of securities and transactions: Exchange-listed securities, securities traded over-the-counter, securities issued by non-US issuers, money market instruments, time and fiduciary deposits, corporate debt securities (and other commercial paper), mutual funds, exchange traded funds, real estate investment trusts, derivatives, structured products, U.S. or foreign government securities, foreign exchange transactions, and alternative investments such as hedge funds, private equity funds and funds of these funds.

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

Investments in private funds or structured products may be limited to “accredited investors” or “qualified purchasers,” and may 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. In the context of a discretionary mandate, Beck AM may invest client Accounts into such securities without client consent.

Beck AM will rely on the accuracy of a client’s representations in making corresponding representations regarding the investment restrictions on behalf of a client’s Account in connection with certain derivative, private fund or other similar investments with qualification restrictions. Beck AM requires notification by the client if the client’s representations become inaccurate.

## 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 and understand that past performance is not an indication of future results.

Among other risks, all investments made by Beck AM will be subject to the following risks:

*General 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 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 debt securities (*i.e.*, bonds) represent numerous 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, bonds with longer maturities are more sensitive to price changes. Additionally, the prices of high yield fixed-income securities may fluctuate more than high quality debt issues. Prices are especially sensitive to developments affecting the company’s business and to changes in the ratings assigned by rating agencies. High yield securities can experience sudden and sharp price swings due to changes in economic conditions, 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, 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 raises 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 and Derivatives:*

Beck AM 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 Risk:* 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 Beck AM 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. A 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) Correlation Risk:* 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 Risk:* 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) Valuation Risk:* The absence of a liquid market for over-the-counter derivatives

increases the likelihood that Beck AM will not be able to correctly value these interests.

*Risks Relating to Foreign Currency Exposure:*

Accounts managed by Beck AM are routinely subject to foreign exchange risks and bear a potential risk of loss arising from fluctuations in value between the U.S. Dollar and other currencies. Some client's Accounts hold significant foreign currency positions. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates. Beck AM generally does not seek to hedge foreign currency exposure. Even to the extent that Beck AM may seek to hedge the foreign currency exposure, such hedging strategies may not necessarily be available or effective.

*Risks Relating to Non-U.S. Investments:*

Investments in non-U.S. securities expose the client's portfolio to risks in addition to those risks associated with investments in U.S. securities. 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 the political instability of foreign nations.

## **Item 9. Disciplinary Information**

None of Beck AM, its employees, directors or owners have been involved in any legal or disciplinary event.

Mr. Josef Beck works as Investment Advisor for Beck Verwaltungen AG ("BVAG"), an entity that is under common control with Beck AM only because it shares a single board member with BVAG (see Item 10). He was indicted on March 13, 2012, in the United States District Court for the Southern District of New York and charged with criminal conspiracy to defraud the United States in connection with the US tax obligations of the clients of BVAG, and charged with conducting an unlicensed money transmitting business (see case number 12 CRIM 211). Mr. Beck is not providing investment advisory services to the clients of Beck AM. Mr. Beck will not be employed with Beck AM, nor will he have any management, director or ownership function.

## **Item 10. Other Financial Industry Activities and Affiliations**

Beck AM 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.

Beck AM is member of PolyReg, which is a Swiss self-regulatory organization recognized by the Swiss Financial Market Supervisory Authority (FINMA) as a professional association empowered to issue rules of conduct in the contest of asset management.

Beck AM is under common control with Beck Verwaltungen AG as a result of sharing the same board, Nathan Rothschild. BVAG exclusively services non-US clients. Beck AM share office space with BVAG, however, it maintains separate systems and makes its own independent investment decisions which is documented by its investment committee. Beck AM also shares some personnel with BVAG. Beck AM expects cost savings and a more comprehensive offering to the benefit of its clients and does not believe its relationship with BVAG presents a conflict of interest that will impact the clients of Beck AM in a negative way.

Beck AM does not recommend or select other investment advisers for its clients.

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

Beck AM 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.

### **Code of Ethics**

Beck AM treats all clients equitably and has a duty to act in its clients' best interests at all times. Item 5 of this Brochure presents possible



compensation that Beck AM does not currently receive but may choose to receive at a future date which may incentivize Beck AM to place its interest above the clients' interests; however, Beck AM has policies and procedures in place to ensure that the interests of clients will be placed above Beck AM's interests in such cases where a conflict is presented, including full disclosure of the conflict to the client. Beck AM has adopted a Code of Ethics (the "Code") and attendant policies and procedures governing personal securities transactions by Beck AM and its personnel. The Code, of which PolyReg's Codes of Professional Conduct is an integrated part, also provides guidance and instruction to Beck AM and its personnel on their ethical obligations in fulfilling its duties of loyalty, fairness and good faith towards the clients.

The overriding principle of Beck AM's Code of Ethics is that all employees of Beck AM owe a fiduciary duty to clients for whom Beck AM acts as investment adviser or sub-adviser. Accordingly, employees of Beck AM 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 Firm's adherence to the principles of Judaism requires an especially strict ethical business conduct.

The Code contains provisions designed to (i) prevent, among other things, improper trading by Beck AM's employees; (ii) identify conflicts of interest; and (iii) provide a means to resolve any actual or potential conflict 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 Beck AM's execution of supervisory policies and procedures, and the

review and enforcement processes of such policies and procedures. Beck AM has designated a Chief Compliance Officer responsible for maintaining, reviewing and enforcing Beck AM's Code of Ethics and corresponding policies and procedures.

The fundamental position of Beck AM is that, in effecting personal securities transactions, personnel of Beck AM must place at all times the interests of clients ahead of their own interests. All personal securities transactions 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. 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.

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

#### Participation or Interest in Client Transactions

Although Beck AM does not hold proprietary positions, Beck AM's related persons may own, buy, or sell for themselves the same securities that they or Beck AM have recommended to clients. Thus, from time to time, a client Account may purchase or hold a security in which a related person of Beck AM 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, Beck AM employees or related persons may invest alongside the Firm's clients, both to align the interest of the Firm and personnel and Firm clients and as an expression of confidence in the investments. In order to ensure that Beck AM 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 and employee training sessions are held on a routine basis to remind each employee of the duties and obligations owed to Beck AM's clients.

## Item 12. Brokerage Practices

Most of Beck AM's clients have existing accounts or open new accounts at custodial banks in Switzerland. Each client may select the bank for his or her Account. Beck AM does not select custodial banks on a client's behalf.

Each custodian bank has its own policies and procedures relating to brokerage. In cases where the custodial bank requires Beck AM to route securities orders through the trading desk of the bank, then Beck AM will not have discretion in selecting the broker-dealer and the client should be aware of the incumbent risks associated with such arrangement.

### *Beck AM Selection of Broker-Dealers*

When the custodian bank permits Beck AM to select the broker-dealer, Beck AM will route securities orders to purchase and sell securities for those client Accounts held at the bank to independent brokers and dealers.

Beck AM will consider the following when selecting any broker on behalf of its client:

- The ability of the custodian bank to settle transactions with the broker.
- The quality of services provided, including commissions, which may not be the lowest available but which ordinarily will not be higher than the generally prevailing competitive range.
- The extent of coverage of the various markets Beck AM trades in.
- The broker's ability to communicate effectively with Beck AM.
- The broker's ability to execute and settle difficult trades.
- Whether or not the broker offers lower cost electronic trading.
- The broker's clearance and settlement efficiency.
- Whether or not the broker can handle Beck AM's range of order sizes.

- The broker's ability to maintain confidentiality.
- The reputation of the broker.
- The stability and financial strength of the broker.

Due to the fact Beck AM is based in Switzerland and many of the securities purchased are non-US securities, the brokers used by Beck AM may not be registered with the SEC under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act").

Beck AM's Chief Compliance Officer reviews the due diligence performed and approves or rejects the selection of each broker. On a regular basis, Beck AM monitors the services provided by the approved brokers, the quality of executions, commission rates, the overall brokerage relationship, and any other issues. Beck AM will periodically reconsider whether placing a large portion of client trades through a particular broker continues to be in the best interest of our clients.

### *Brokers Selected by the Custodian Bank*

Brokerage for transactions involving assets held at Swiss custodian banks generally must be made through the broker-dealer specified by the custodian bank and, therefore, Beck AM will have no ability to select the broker-dealer. In such cases, Beck AM cannot guarantee that the client will receive best execution or the best commissions because Beck AM does not control these factors. Clients should be aware of the potential that the broker-dealer used for transactions may not be a registered broker-dealer under the Exchange Act.

Clients also should be aware of the following disadvantages associated with Beck AM not having the ability to select the broker-dealer:

- Clients are solely responsible for negotiating the commission rates and fees paid to the Swiss custodian bank where such custodian bank requires Beck AM to transact orders through its broker-dealer. Beck AM will not be able to negotiate commission rates with the designated broker, and we will not have any negotiating leverage that results from

the ability to trade away from a designated broker.

- Because Beck AM does not direct Clients' trades, Clients may pay higher commission rates than those paid by other investors who place trades with other broker-dealers; may receive less favorable trade executions; and/or may not obtain best execution on their transactions.
- Accounts will not be able to participate in aggregated or block transactions with other clients who maintain their Accounts at other custodian banks, although Clients may participate in aggregated trades with other clients who use the same custodian bank. This can limit the ability to benefit from volume discounts or more favorable terms that might be available from aggregated transactions.

#### *Client Directed Brokerage*

Generally, Beck AM does not permit clients to direct brokerage other than as outlined above in the context of a custodian bank selected by the client that requires the use of a specified broker-dealer.

#### *Block Trades*

Beck AM 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 will be allocated on a pro rata share basis.

Because Beck AM'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 Beck AM places more than one block trade for the same security with more than one broker. Beck AM transmits such block trades to more than one broker in a random pattern (*i.e.*, Beck AM 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 from 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 most 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, Beck AM 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. Beck AM's authority may be further limited by specific instructions from the client, which may restrict or prohibit transactions in certain securities.

Beck AM 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. Beck AM 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 Beck AM 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

Beck AM does not currently maintain soft dollar arrangements, nor does it intend to in the future. Under Section 28(e) of the Exchange Act an investment manager would be permitted 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 Beck AM’s goal is to execute trades seamlessly in the manner intended by the client and consistent with its investment decisions, Beck AM recognizes that errors can occur for a variety

of reasons. Beck AM’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

The portfolio manager of Beck AM continually monitors investments. Rebalancing is considered when distortions occur in a portfolio due to market conditions. In addition, the portfolio manager reviews Accounts occasionally to ensure continued alignment with each client’s investment parameters.

Beck AM does not provide regular written reports to clients. The custodian bank sends statements of the clients Account on at least a quarterly basis and this is confirmed by Beck AM.

### Item 14. Client Referrals and Other Compensation

Beck AM 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.

### Item 15. Custody

Beck AM typically is given authority to have its fees directly deducted from a client’s account. Consequently, Beck AM is deemed to have custody of such funds. Beck AM 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 on a quarterly basis. 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 Beck AM or the custodian bank. The custodian also provides the client with all required year-end tax information. Beck AM also may provide performance information to its clients, which may include a reference to a relevant benchmark. Beck AM 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.

#### **Item 16. Investment Discretion**

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

#### **Item 17. Voting Client Securities**

#### **Proxy Voting**

Beck AM generally does not have the authority to vote client proxies. Clients make arrangements directly with their custodian to vote proxies for securities or where proxy or other solicitation materials have to be sent to. If Beck AM inadvertently receives any proxy materials on behalf of a client, Beck AM will promptly forward such materials to the client.

Beck AM will exercise investment authority for certain corporate actions (such as, but not limited to tenders, rights offerings, splits etc.) in connection with discretionary accounts. For advisory clients, corporate actions are discussed with them prior to the event taking place.

Clients who have questions about proxies may contact Beck AM for further information.

#### **Class Actions**

Beck AM does not direct client participation in class action lawsuits. Beck AM 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.

Beck AM 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, Beck AM 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**

Beck AM has not been the subject of a bankruptcy petition at any time. As of the date of this brochure the Firm does not believe it is reasonably likely that any future liability will impact its ability to meet its contractual commitments to its clients.

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Immediately to follow, are the Brochure Supplements for each supervised persons at Beck AM.

## Item 19. Brochure Supplements for Supervised Persons

### Brochure Supplement for Jizchok Mosbacher

February 11, 2020

#### I. Cover Page

This brochure supplement provides information about Mr. Jizchok Arjeh Mosbacher and supplements Beck Asset Management SA's ("BECK AM") brochure above. Please contact [isak.mosbacher@b-am.ch](mailto:isak.mosbacher@b-am.ch) if you have any questions about the contents of this supplement or the firm's brochure. You may also find additional information about Mr. Mosbacher by visiting BECK AM's website at [www.b-am.ch](http://www.b-am.ch).

#### II. Educational Background and Business Experience

Mr. Mosbacher was born on the 16th of April 1980 in Zurich, Switzerland. After studying for a couple of years in Talmudical colleges for Jewish studies in England and Israel, where he volunteered as a Medic in the national ambulance service, Mr. Mosbacher returned to Switzerland to attend business school where he received a diploma in Business and finance. After finishing business school, Mr. Mosbacher, started working in November 2006 for Beck Verwaltungen AG ("BVAG"), first as an office manager and then as a client adviser. In 2012, he joined Beck Asset Management as the Chief Executive Officer and Chief Compliance Officer.

#### III. Disciplinary Information

Mr. Mosbacher has not been involved in a criminal or civil action in a domestic, foreign or military court. Mr. Mosbacher has also not been involved in any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority. Mr. Mosbacher has not been involved in any self-regulatory organization (SRO) proceedings or any other proceedings in which a professional attainment, designation, or license was revoked or suspended because of a violation of rule relating to professional conduct.

#### IV. Other Business Activities

Mr. Mosbacher is retained on a limited basis by BVAG to provide advisory services for BVAG, a Swiss Investment Management Company which exclusively serves non-US clients. Beck AM is independent from BVAG and does not have a business relationship with BVAG. Mr. Mosbacher is not registered, nor does he have an application pending, to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant ("FCM"), commodity pool operator ("CPO"), commodity trading advisor ("CTA"), or an associated person of an FCM, CPO or CTA. Mr. Mosbacher is not actively engaged in any business or occupation for compensation not discussed above. No other business activities provide a substantial source of Mr. Mosbacher's income or involve a substantial amount of his time.

## V. Additional Compensation

Mr. Mosbacher does not receive any economic benefit from any non-client source for providing advisory services. Mr. Mosbacher's bonus from BECK AM may be based, in part, on revenue attributable to clients he serves (including new clients). BECK AM does not accept or permit its employees to accept commissions, sales awards or other prizes beyond the remuneration and dividends from BECK AM. This policy helps to avoid conflicts of interest.

## VI. Supervision

Mr. Mosbacher is the chief executive officer and chief compliance officer of BECK AM. His practices are governed by and consistent with the BECK AM's Code of Ethics and compliance policies. He is supervised by the management board who reviews aspects of Mr. Mosbacher's work to ensure compliance with BECK AM's compliance policies and procedures.