

**Item 1: COVER PAGE**

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As of May 11, 2020

This brochure provides information about the qualifications and business practices of Zevin Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at 617-742-6666 or [info@zevin.com](mailto:info@zevin.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Zevin Asset Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration with the SEC does not imply any level of skill or training.

## Item 2: Material Changes

- As of June 25, 2018, our office address has changed to 2 Oliver Street, Suite 806, Boston, MA 02109.
- Benjamin Lovell is no longer a member or an equity owner.

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#### **Item 4: Advisory Business**

Zevin Asset Management, LLC (ZAM) is an independent investment advisor managing portfolios of individual securities for individual and institutional clients. On behalf of our clients, we purchase and sell securities that US investors have access to in various different countries in the world. We started our business in 1997 and we use a unique investment process (see more information about our investment style and approach in Item 8). We specialize in providing services to investors who wish to pursue a socially responsible investment strategy. Accounts are managed on a customized basis according to the financial and non-financial criteria provided to us by each client. While we use a “default” set of social criteria for clients who don’t provide us with specific criteria (more information is provided about this under Item 8), we can accommodate many specific non-financial criteria that a client might request. The portfolio managers work with the objectives, criteria and constraints provided by each client and construct portfolios in an attempt to match each client’s specific objectives and constraints with their overall portfolio profile.

We also participate in a model manager program offered by Folio Investments, Inc. This could be considered a “wrap” fee program by some investors, although it does not meet some definitions of a “wrap” program since our fees are charged and collected by Folio separately from their own fees. Under this program, investors can subscribe (with our permission) to one of five strategies that we manage at Folio Investments: the Global Appreciation model, the Zevin SRI Global Appreciation model, the Global Appreciation with Income model, the Zevin SRI Global Appreciation with Income model, the Global Equity model, as well as the Zevin SRI Global Equity model. Once subscribed, investors automatically buy, sell and own the same securities that are held in the model portfolio at the same percentage levels that are held in the model portfolio. Client portfolios using the model manager program at Folio have only limited customization for specific financial and nonfinancial constraints, and clients using the model manager program are not able to purchase foreign securities or individual bonds as we typically purchase for our customized clients. Clients using the model manager program are not subject to the minimum fee levels or minimum asset levels specified for our customized management portfolios. We also participate in similarly structured programs offered by Envestnet, Pershing Investments (Lockwood) and Charles Schwab (Marketplace).

Our business is organized as a Limited Liability Company. Jennifer Kelley, Chief Operations Officer, Chief Compliance Officer and a member of the Board of Managers, is an owner of 37.2% of Common Membership Units and is a principal owner and control person. Sonia Kowal, President and a member of the Board of Managers, is an owner of 22.4% of

Common Membership Units and is a control person. Philip Hergel, Senior Quantitative Analyst is an owner of 23% of Common Membership Units. Steven Dray, Senior Portfolio Manager, Chief Investment Officer and a member of the Board of Managers, is an owner of 8.2% of Common Membership Units and is a control person.

At December 31, 2019, ZAM had approximately \$526.2 million in assets under management for all discretionary and non-discretionary accounts, with the following breakdown.

	U.S. Dollar Amount	Total Number of Accounts
Discretionary:	\$519.4	552
Non-Discretionary:	\$6.8 million	6
Total:	\$526.2 million	558

### **Item 5: Fees and Compensation**

For customized DISCRETIONARY ACCOUNTS our fee schedule is:

Personal and taxable accounts:

First \$1 million	1.00%
Over \$1 million through \$10 million:	0.75%
Over \$10 million through \$50 million:	0.50%
Over \$50 million:	0.45%
Minimum annual fee:	\$15,000

For customized Institutional accounts:

First \$2 million	0.75%
Over \$2 million through \$10 million	0.65%
Over \$10 million through \$50 million:	0.50%
Over \$50 million:	0.45%
Minimum annual fee:	\$15,000

For discretionary accounts, fee levels, minimum annual fees, and minimum account sizes are negotiable at the discretion of ZAM.

NON-DISCRETIONARY advisory services are currently provided only to employees of ZAM in their capacity as trustees or co-trustees of various trusts. In most circumstances these employee trustees pay ZAM a fee equal to 90% of their own trustee fees in excess of a specified minimum per trust but the arrangements are negotiable in each circumstance.

We also offer non-customized strategies for equity accounts (called Global Appreciation and Global Equity) and balanced accounts (called Global Appreciation with Income) through the brokerage firm Folio Investments, Inc., also described under Item 4. This strategy is based on

making transactions in a single “model” portfolio that are then automatically implemented by Folio on a pro-rata basis in the client portfolios that have subscribed to the strategy. The minimum account size for this strategy is different from the customized minimum account sizes above and is recommended at \$50,000. The minimum account size at Folio is negotiable at the discretion of ZAM and the client and the fee varies according to whether the client has come directly to ZAM requesting to be invested in Folio or whether they have come through Folio via a separate investment advisor, financial planner, or other investment professional. For Folio clients that come to us directly the fee is 1% of the market value of the portfolio, billed quarterly in arrears. ZAM has negotiated lower fees for clients that come to Folio via other financial professionals since, among other things, the client service and most other client communication is typically provided by the other financial professionals. We participate in similarly structured programs at Envestnet, Charles Schwab (Marketplace) and Pershing Investments (Lockwood).

For all accounts where the client pays us directly, except for those at Folio Institutional, our fee is calculated based on the market value of assets under management at the end of each calendar quarter and fees are billed and payable quarterly in arrears (which means after the quarter in which we have provided management services). Folio calculates both their fees and our fees based on the average daily account value over the preceding quarter. Fees are typically deducted from clients’ accounts by the brokerage firm, although arrangements can be made to bill the client directly if the client chooses. All management fees are negotiable based on a number of factors, including but not limited to the client’s specific investment program, tax planning or other goals, the liquidity of the account assets, the mix of securities in the account, and the nature of the client (e.g., whether the client is institutional or an individual, whether the client is related to other clients, is a charitable organization, or is a relative or family member of an employee, for example).

Clients may also incur fees or expenses directly from their custodian or brokerage firm, including commissions from a broker each time a security is purchased or sold, and, if the account is placed with an independent custodian, the client may incur a separate custodial charge, typically quarterly, from the custodian. There may also be fees for holding mutual funds (mutual fund fees are usually expressed as an “expense ratio”), and depending on a number of factors, ZAM may or may not include mutual funds in the portion of the portfolio subject to its management fees. ZAM does not collect a separate commission or additional fee from a client who uses mutual funds, exchange traded funds, or stocks or bonds other than the quarterly management fee described above.

Clients may terminate their advisory agreements at any time and will be charged only for the pro rata portion of our quarterly fee through the date the account is terminated.

Clients have the option of purchasing securities we recommend directly from other securities brokerage firms on their own; however, since we typically purchase and sell securities without first obtaining client approval direct client purchases or sales would likely be subsequent to the time they were executed in our client accounts and would likely be at different prices.

ZAM may, under certain circumstances, charge hourly fees for certain services. Please see Item 14 for additional information.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

ZAM does not charge any fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

Zevin Asset Management, LLC provides investment advice to individuals, trusts, corporations and other types of business organizations, non-profits, foundations, partnerships, endowments, and non-taxable retirement accounts such as 401(K) accounts, IRA's, and pension plans, among others. Our minimum account size for customized accounts is \$1,500,000.00 for individual accounts and \$2,000,000.00 for institutional accounts. Smaller accounts from the same or closely related clients can be bundled together to reach the stated minimum account size or fee. The minimum account size, the amount of our fee, and the minimum required fees are negotiable at the discretion of ZAM.

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

ZAM invests client assets primarily in stocks and bonds. The assets in client's accounts fluctuate on a daily basis depending on their market value. Investing in stocks and bonds is risky and, depending on market and security-specific circumstances, clients can lose money in their accounts, sometimes over extended periods of time. Clients should be prepared for these potential losses.

ZAM's investment strategy is based first on a macro view of the world. Using a number of different economic, financial, government and market-generated data points, ZAM builds forecasts of projected investment results in different geographic regions and investment sectors throughout the world under a variety of possible circumstances in the global economy. This forecast is updated on a periodic basis as new information becomes available. A key aspect of our strategy is pursuing an investment program that attempts to minimize significant losses in declining markets. Even when markets are strong and increasing in value we typically invest a portion of accounts in securities we don't anticipate will provide competitive returns in a rising market, but that we expect will outperform in declining markets. Therefore, our strategy is likely to underperform stock markets when they are rising and outperform when they are falling, and



our historic investment results have been consistent with this expectation. Clients should be prepared, therefore, for investment results that are lower than market benchmarks when the market is rising and there is some risk that, over long periods of strong market performance, clients could realize significant underperformance relative to their market benchmark.

ZAM can buy a maximum of 5% of a portfolio in any given equity security. It may invest a somewhat higher percentage in a fixed income security depending on the characteristics of the specific issue. ZAM has guidelines that determine the maximum purchase percentage that can be made in any equity security. These guidelines call for purchasing a higher percentage investment in larger, higher capitalization stocks (with the maximum being 5%) and lower percentages in smaller, potentially more volatile stocks. ZAM instituted these guidelines in an effort to avoid having client accounts disproportionately weighted toward smaller companies. (For example, if the same percentage guideline were used for all equity purchases, say 4%, and the portfolio contained 15 stocks with 5 large capitalization stocks, 5 medium capitalization stocks, and 5 small capitalization stocks the portfolio would have an inadvertently high exposure to the small and mid-capitalization stocks with a correspondingly under exposure to large capitalization stocks, weighted according to overall market capitalization weight.)

ZAM also invests almost all its accounts using socially responsible, ethical investing, ESG (Environment, Social, Governance), or sustainability guidelines. These terms mean different things to different investors, but to us they mean the following:

We encourage our clients to provide us with their own ESG guidelines and we respect our clients' ability to reject investments for ethical reasons. However we are reluctant to define ESG guidelines in ways that could seriously impair investment results for the sake of the appearance of purity. If clients do not specify their own ESG guidelines, we will apply our default guidelines.

Our default ESG guidelines are based on the idea that the primary reason to practice socially responsible investing is to attempt to achieve meaningful improvements in the behavior of companies.

We will exclude enterprises engaged in intrinsically destructive activities that can only be changed by political action, since those companies will not voluntarily go out of business in response to shareholder pressure.

We choose companies that already have constructive policies which we attempt to improve through shareholder dialog.

***We cannot guarantee that the information we use to implement our guidelines is accurate or complete.***

## **PRODUCT SCREENS**

We endeavor to exclude companies engaged in the following destructive activities:

- Nuclear energy producers or suppliers of nuclear power industry specific equipment and services, except for safety equipment
- Specialized military weapons and weapons producers, including nuclear, chemical, biological, incendiary, cluster munitions, anti-personnel landmines, and small arms. Companies producing genetically modified organisms (GMOs) for agricultural or human consumption with the exception of companies producing recombinant human drug products
- Companies involved in the production of tobacco products
- Companies manufacturing agrochemicals such as toxic pesticides or harmful chemical fertilizers
- We also refrain from purchasing the shares of companies with a substantial involvement in: gambling, harmful chemicals, pornography, factory farming of meat or fish, thermal coal, and oil sands development, as well as those that profit from incarceration. We are also able to exclude additional companies on the basis of product involvement as per client request.

## **HUMAN RIGHTS SCREENS**

We endeavor to exclude:

- Companies with material activity and/or investments in repressive regimes where domestic or broad-based international constituencies have called for sanctions or divestment. “Material activity” is subject to interpretation by ZAM and will take into account the relative level of investment, the relative level of activity in the country, the historic and current activities of the company in other areas of CSR, and the specific regime or regimes.
- Companies which have exhibited a systematic disregard for human rights. If a company has demonstrably improved its behavior and has responded to allegations of abuses by putting systems in place to mitigate the risk of similar offenses occurring, it may be deemed acceptable for purchase.

At the very least, we endeavor to choose companies that provide safe and healthy workplaces and pay their employees at least the minimum wage in their country of operation. Those companies should also recognize workers’ rights to organize and engage in collective bargaining. We also expect similar labor standards in a company’s supply chain.

## **ENVIRONMENTAL SCREENS**

Our environmental policy strives to exclude egregious environmental offenders at a minimum. Companies with large environmental footprints such as oil or mining companies are also held up to a higher level of scrutiny given the increased risk of breaches, regulatory crackdown and fines. In these industries, we try and pick among those with the best records given the inherently polluting nature of their activities. We typically avoid investing in companies with poor performance in the areas of toxic emissions, greenhouse gas emissions,

hazardous waste, environmental regulatory problems, biodiversity, and environmental justice. The interpretation of “poor performance” above is at the discretion of ZAM.

## **STAKEHOLDER RELATIONS SCREENS**

Companies that have continual and systematic lapses in their treatment of stakeholders are avoided in client portfolios. These screens take into account poor treatment of customers, suppliers, employees, the communities in which they operate, as well as shareowners. Companies with a history of exploitation of minority and economically disadvantaged communities are avoided to the best of our abilities. We are also supportive of measures to improve transparency within companies on these issues as these often have the additional benefit of focusing the minds of management on improvement.

## **POSITIVE SCREENS**

We seek out companies that provide products or services that contribute positively to society. This can include those involved in:

- Alternative energy—including solar and wind power, geothermal power, and some types of biomass energy
- Environmental technology and solutions, e.g. energy conservation
- Public transport
- Housing and other products/services that improve quality of life for the underserved
- Leaders in innovative and socially beneficial products or processes such as green manufacturing

We prefer companies that:

- Actively reduce their energy use and carbon footprint
- Promote biodiversity of plant and animal life
- Support organic farming and non-genetically engineered food
- Support sustainability

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## **TRADING**

Our strategy is active and often results in frequent trading. Higher turnover can result in higher commission costs and potentially higher taxes if short-term gains are realized at the expense of holding a security for the long-term gain period (currently one year). The tax effects would only be applicable to taxable accounts. The higher commission costs and potentially higher short-term gains taxes (if applicable) can potentially reduce the investment results of client accounts.

### **Item 9: Disciplinary Information**

ZAM has no reportable disciplinary events to disclose.

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

ZAM is an independent investment advisor and does not have affiliations with other advisors, banks, brokerage firms, law firms, financial planning firms, or accounting firms.

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

Pursuant to SEC rule 204A-1 of the Investment Advisers Act of 1940, ZAM has adopted a code of ethics, and it is available to any client or prospective client upon request. Among the purposes of the Code are to:

- (1) educate employees regarding ZAM's expectations and the laws governing their conduct;
- (2) remind employees that they are in a position of trust and must act with complete propriety at all times and always put the interests of ZAM's clients first;
- (3) protect the reputation of ZAM;
- (4) guard against violation of the securities laws;
- (5) protect ZAM's clients by deterring misconduct; and
- (6) establish procedures for employees to follow so that ZAM can assess whether its employees are complying with the firm's ethical principles.

As a fiduciary, ZAM has a duty to act in the best interests of its clients. ZAM strives to identify and prevent potential conflicts of interest with clients and to fully disclose all material facts concerning any conflict that does arise with respect to any client. Employees are prohibited from inappropriate favoritism of one client over another that would constitute a breach of fiduciary duty. Employees are prohibited from using knowledge about pending or currently considered securities transactions for clients to profit personally (directly or indirectly) as a result of such transactions, including by purchasing or selling such securities. This is sometimes also referred to as "insider trading". Investment personnel are prohibited from recommending, implementing, or considering any securities transaction for a client without having disclosed any material beneficial ownership, business or personal relationship, or other material interest in the issuer or its affiliates, to the Chief Compliance Officer (CCO). If the CCO deems the disclosed interest to present a material conflict, it will be required that the investment personnel obtain the CCO's written approval prior to any decision-making process regarding the securities of that

issuer. Employees are not permitted to knowingly sell to, or purchase from, a client any security or other property.

ZAM and its employees sometimes own the same securities clients own. ZAM and its employees also sometimes trade the same securities that clients are trading and we have policies to address these potential conflicts of interest. Having employees trade the same securities as clients presents a potential conflict because employees could place their own trades ahead of client trades and potentially benefit personally at the expense of our clients. This is sometimes referred to as “front running”. ZAM has instituted policies in order to prevent potential conflicts of interest or breach of fiduciary duty from occurring in this area: First, employees are prohibited from buying or selling securities without preclearance that are placed on the firm’s restricted list or if they are under a certain threshold of capitalization. This policy does not typically apply to highly liquid, large capitalization securities, exchange traded funds, mutual funds, and some other securities that are specified in our personal trading policy (which is part of our Code of Ethics). Each quarter all employees are required to submit a personal trading report to the CCO. This report details all purchases and sales over the prior quarter so the CCO can verify that personal trading policies are being followed. Additionally, annually each employee must provide a statement showing all the securities they own. This statement allows the CCO to determine if there are potential areas of concern regarding the securities owned.

ZAM does not generally participate in limited or private security offerings as an authorized agent for its clients, but if employees wish to participate in a limited or private offering they must obtain written prior approval from the CCO. ZAM also generally does not participate in initial public offerings (IPO’s), and, as a general rule, employees are prohibited from participating in IPO’s. Exceptions to this prohibition may be made by the CCO, in writing, if it can be demonstrated to the CCO that the employee participation will have no potential negative impact on clients currently or in the future (among other reasons).

We have additional policies and procedures in place to help identify and prevent potential conflicts of interest and/or breaches of fiduciary responsibility and these are described in our Code of Ethics.

## **Item 12: Brokerage Practices**

For a vast majority of its client accounts, ZAM does not request or accept the discretionary authority to determine the broker dealer to be used for client trades. This means that ZAM will not survey or shop the brokerage market place for best execution on a transaction-by-transaction basis. As such, clients must direct ZAM as to the broker dealer to be used. Generally, this direction is given via the client selection of a particular custodian and/or their specific platform and is memorialized in the advisory agreement. In directing the use of a particular broker or dealer, it should be understood that ZAM will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients.

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, ZAM will recommend the use of one of several broker dealers, provided that such recommendation is consistent with ZAM's fiduciary duty to the client. Generally, ZAM will recommend the brokerage services offered by the client's custodian and/or their respective platforms. Our clients must evaluate these brokers before opening an account. The factors considered by ZAM firm when making this recommendation are the broker's ability to provide professional services, ZAM's experience with the broker, the broker's reputation, and the broker's quality of execution services and costs of such services, and the custodial platform provided to clients, among other factors. Clients are not under any obligation to effect trades through any recommended broker.

In the past ZAM has recommended clients consider opening accounts with a particular registered representative at UBS Financial Services, a particular registered representative at Morgan Stanley Smith Barney, the custody services of Fiduciary Trust of Boston, Schwab Institutional, and Folio Investments among other brokers and custodians. ZAM has negotiated reduced commission rates, on behalf of its clients, with the full service brokers (UBS and Morgan Stanley Smith Barney) and believes that the rates clients pay are reasonable in relationship to the service and research provided. The direct client services provided by the broker or custodian may include special wiring or transfers of funds on a regular or irregular basis, check writing, special direct bill paying services, margin loans or direct loans using their securities as collateral, credit cards attached to the accounts, or payment of quarterly taxes, among other things. The brokers or custodians usually provide ZAM with their off-the-shelf securities research and often include ZAM in invitations to meet with the broker or custodian in-house research analysts or meetings with companies (sponsored by the broker or custodian) describing upcoming security offerings or updating clientele on their existing business. The research provided by the brokers and custodians can help inform ZAM's decision making process and is generally beneficial to all clients, even if only a small number of them use the services of the particular broker or custodian generating the research. To the extent that one broker or custodian may provide research that is more useful to ZAM, we may have an incentive to recommend that broker or custodian over others, and there is a potential that we may value the services of their research over our clients interest in receiving the lowest possible commission as well as best execution. Of course the client also benefits from the research, but there may be circumstances where clients benefit disproportionately. This would occur where a client at a discount brokerage firm (like Schwab Institutional) benefited from research provided to ZAM by UBS Financial Services, for example, where clients who had accounts at UBS paid higher commission rates than Schwab Institutional clients.

Clients are also free to choose their own broker or custodian, and ZAM will attempt to negotiate favorable commission rates on their behalf, but ZAM's ability to effectively negotiate commission reductions is limited if the broker or custodian has one or only a small number of clients that use ZAM. Also, in cases where ZAM has more limited business with a broker or custodian, there may be occasions where an opportunity to purchase particular domestic or foreign stocks, or limited available blocks of existing securities, or to buy or sell directly with an over-the-counter market maker in a particular security, or to buy a particular bond that is being purchased widely for other clients, will be lost. Moreover, commissions paid at the brokers or custodians our clients choose to use, or that we recommend they use, may be higher than those

available at other brokers or custodians. In cases where clients ask us to use a particular broker, they may also pay a higher cost as a result of obtaining less favorable executions. This can result, for example, because we place trades in blocks, aggregating orders across client accounts, where we have significant business, and we often obtain better execution prices by doing so. Clients that ask us to trade at their broker may find we are unable to purchase the same security at all or may be unable to purchase it at as favorable a price as we are able to obtain at one of the brokers or custodians that we do more business with. We reserve the right to decline acceptance of any client account for which the client directs the use of a broker if we believe that this choice would hinder its fiduciary duty to the client and/or its ability to service the account.

Many of our clients value the broader range of services available from the brokers or custodians we recommend. In the cases where clients use a custodian bank or trust, the custodian charges a custodial fee which is separate from, and in addition to, our fees as well as the commissions for security trades.

Instead of directing ZAM to use a particular broker, a client may grant brokerage discretion to ZAM. In cases where ZAM has such brokerage discretion, the firm will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission/mark-up rates, research and other services which will help ZAM in providing investment management services to clients. We may, therefore use a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all of ZAM's clients, and not all of such research may be useful for the account for which the particular transaction was effected.

ZAM generally aggregates the purchase and sale of securities for client accounts at each broker. This is sometimes referred to as "block trading". We try to do this whenever we can because it almost always results in better executions and allows all clients at a particular broker to receive equal treatment. If ZAM determines that aggregation of trades in a certain situation will be beneficial to its clients, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Clients should be aware that their selection of a particular broker may negate our ability to aggregate their trades and may have an effect on the order in which their trades are placed.

ZAM's general policy is not to cross trades between clients. However, in exceptional circumstances we reserve the right cross trades between certain client accounts, if such a transaction is in the best interest of all parties involved and a fair value of the securities bought and sold can be established and documented.

Soft dollars, as the term is used in our industry, usually means a practice where the broker will purchase third party research or research-related products in exchange for the money manager doing more than a certain level of commission business with them. At December 31, 2018 and for the calendar year 2018 ZAM did not have any formal soft-dollar arrangements. However, we do receive proprietary research from various broker dealers and may give these

brokers dealers preference based, in part, on the quality of research received, as well as other factors, included but not limited to, price, execution quality and service quality. During our last fiscal year we recommended clients open accounts at UBS Financial, Schwab Institutional, and Folio Investments. The recommendation of the particular broker or custodian was made after consultation with the client and was dependent on the direct client services the client required compared with the services offered by the broker or custodian. We generally have not received new client referrals from brokers or custodians that we recommend to our clients.

Also we have an arrangement with a financial advisor whereby the advisor recommended certain clients open accounts with us at Folio Investments and we provided those clients with access to our model managed portfolios at a reduced rate. (see item 14 for additional information).

### **Item 13: Review of Accounts**

Each client account is managed by a portfolio manager, and the portfolio manager reviews the accounts on a regular basis. Currently the portfolio managers are: Steven Dray, CFA, Chief Investment Officer and Senior Portfolio Manager and Kevin Callahan, Portfolio Manager.

Portfolio managers have access to a number of review tools that help them determine whether an account might require more or less frequent individual review. Some of the tools portfolio managers might use include comparing the performance by month, quarter, and year of the individual account to the aggregate performance of all accounts under management and to the performance benchmarks the account compares itself to and to the aggregate of all the other accounts the portfolio manager manages, or to the other accounts the firm manages that have a similar asset allocation benchmark. Another tool would be running performance reports of all the manager's accounts, looking at the outliers on both ends of the spectrum and then analyzing the outliers to determine what factors resulted in their divergent performance.

Events that could trigger a review of an individual account would be an investment or ESG guideline that was unique and that might result in the account acting differently than a more average account, therefore the manager might review the account to determine if it had responded differently or if it might be expected to respond differently from average accounts in the future. Another event potentially triggering a more in-depth review of an individual account would be if it held a usually high percentage of a particular security, and the security price jumped up or down disproportionately to its industry and the market. Clients sometimes hold overweight positions in individual securities because, for example, they might transfer in a high weighting when they hire us as managers or they might receive a gift of stock in their managed account or they might have shares transferred into their account from an inheritance, among other things. ZAM does not, in the usual course of managing portfolios, purchase positions in



any stock that is greater than 5% of the portfolio, although the percentages sometimes grow higher due to market appreciation. ZAM will sometimes purchase larger positions in fixed income securities if they are deemed to be sufficiently safe and liquid. Another event that could trigger a portfolio review would be the addition or withdrawal of cash from the account.

### **Reports**

Clients receive monthly statements of their holdings from their custodians (with trust or bank custodians the statements are sometimes quarterly). ZAM provides clients with a quarterly summary of their investment results compared to appropriate benchmarks. Additional, quarterly, or other than quarterly, reports may be provided depending on specific client requests and preferences.

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

Other than the arrangements disclosed in Item 12 this Form ADV Part 2A, ZAM does not presently have arrangements whereby a third-party provides an economic benefit to the firm in exchange for ZAM providing investment advice to clients.

ZAM does not presently compensate anyone for client referrals although we have had such arrangements in the past and might again in the future. We do currently have an arrangement where a financial advisory firm recommends that certain of their clients, as appropriate, open accounts with us we in turn recommend they use one of our model managed portfolios at Folio Investments. We provide a discounted rate on our management services to these clients and the arrangement, including our fee and the financial advisor's fee, is fully disclosed to these respective clients.

We also have arrangements where we manage accounts for other financial professionals' client's accounts at Folio Investments and Envestnet, Inc. These accounts are generally not customized and are invested pro-rata in a model portfolio as described earlier in Items 4 and 5.

ZAM occasionally provides advice about investment or investment-related issues in situations where we have not been retained as an investment advisor. Such consultations typically involve unique or one-time issues that the client believes do not require ongoing input or monitoring or review. In such situations ZAM charges fees by the day or by the hour. The maximum fee for one day is \$4,000 and the minimum fee for one hour is \$150. A flat fee based on estimated hours is also available. Each arrangement is unique and negotiated. Fees are typically due upon completion of the work involved.

### **Item 15: Custody**

ZAM is deemed to have custody of certain client accounts where employees of the firm act as individual trustees for specific trust accounts and employee 401(K) plans, where a client

has designated a third-party payee via a standing letter of authorization (SLOA) or where ZAM is authorized to debit its advisory fees directly from a client custodial account. In such cases, a qualified custodian sends quarterly or more frequent account statements to the client. ZAM does not physically take custody of any assets.

ZAM sends every client a quarterly investment result summary and in some cases additional reports, depending on the needs and desires of the client (as described under Item 13). We encourage all our clients to compare our statements and reports with those they receive from their custodian or broker. We placed the following notification on our December 31, 2011 and subsequent quarterly client reports:

*The reports we provide to you may differ slightly from your custodian's reports in the treatment of accrued interest and in the pricing of certain securities. Also, your custodian may not report a security as purchased until it has settled, whereas we report securities as purchased on the transaction date. We strongly encourage you to compare the reports and information provided by us with the statements you receive from your custodian.*

### **Item 16: Investment Discretion**

ZAM accepts discretionary authority to manage accounts on behalf of its clients. This means that we obtain authority from the client to place buy and sell orders with their broker or custodian, on the client's behalf, without prior consultation with the client; but subject to any parameters specified by the client in ZAM's account agreement. We typically obtain this authority through the following language that is in our standard client agreement and often obtain a similar discretionary investment authority through the client account agreement with their broker or custodian (usually called a Limited Power of Attorney).

"Authority of ZAM. ZAM shall supervise and direct the investments of and for the Accounts without prior consultation with you; subject, however, to the parameters and goals you may have specified on Schedule B or may specify hereafter. Except as so limited, this discretionary authority makes ZAM agent and attorney-in-fact with full power and authority on behalf of the Accounts (a) to buy, sell, exchange, convert, lend, extend, renew, modify, and otherwise trade in any and all stocks, bonds, options, futures, interests in investment companies and other collective investment vehicles, and other investments or securities, or to hold assets of the Accounts as cash, as ZAM may select; and (b) to execute transactions through one or more other securities brokerage firms, dealers, or banks as you or ZAM may select in the future."

We have not accepted non-discretionary accounts in the past, except for ZAM employees where they act in a personal capacity as trustee of a trust (see Item 5), however, we may choose to do so, on a negotiated basis, in the future.

### **Item 17: Voting Client Securities**

ZAM strives to vote the proxies of all domestic and international holdings on behalf of those clients who have given us their permission to do so. However, we may not vote proxies if we do not receive sufficient or timely notification from proxy voting platforms. ZAM has retained the services of third-party service providers to vote client proxies according to the guidelines set forth in this document but exceptions occur as it is not possible to anticipate each and every resolution. All voting decisions are intended to meet our fiduciary obligations to our clients, which include support for high standards of corporate governance, social, and environmental responsibility. We use the guidelines below to vote proxies and use our discretion to interpret terms without a commonly agreed definition including, but not limited to, “tenured”, “minority”, “excessive”, “ordinary compensation”, “confidential”, “unreasonable”, “substantial”, and “frivolous”.

## **ON CORPORATE GOVERNANCE MATTERS**

- **Against** all nominees to a board of directors unless the board or the slate reflects the gender and ethnic diversity of the company’s geographic operations.
- **Against** all nominees when the board of directors does not include a majority of independent directors.
- **Against** the chair of the board if he or she is also the company’s CEO and would not be an independent chair.
- **Against** votes for nominees to the board of directors who serve on more than two other boards.
- **Against** proposals to re-elect all of a board’s members annually since this would maximize the power of anyone with enough money to buy over half the shares.
- **Against** the removal of classified boards and **For** staggered terms on corporate boards and different classes of stock with different amounts of votes. While the opponents of these practices talk about shareholder democracy, we believe they are really promoting dollar democracy. And under dollar democracy it becomes problematic for a corporation to incorporate patience, continuity or morality into its policies.
- **Against** reincorporation outside the US if shareholder rights will be impacted or if the primary reason for reincorporation is tax avoidance.
- **For** increasing and empowering outside directors.
- **Against** non-independent directors on the Compensation, Audit, and/or Nominating Committees.

- **Against** ratification of the company's choice of auditor when non-audit fees paid to the firm, including tax-related fees, represent more than 10 percent of total fees.
- **Against** share buybacks in certain cases when the buyback is intended to boost stock price in the short-term, especially if CEO pay is linked to earnings per share or other metrics lifted when equity is reduced.

## ON EXECUTIVE COMPENSATION

- **Against** the establishment or execution of any stock option or stock ownership or performance incentive programs that do not include all tenured employees.
- **Against** the re-pricing of out-of-the-money stock options and stock options with exercise prices set below the stock's market price on the day of the grant.
- **Against** executive compensation packages/equity incentive plans that are deemed to be excessive.
- **Against** members of the Compensation Committee if executive compensation is deemed to be excessive.
- **Against** stock option plans that are replaced or repriced (for underwater plans) or excessively dilute the value of existing shares.
- **For** proposals requesting companies to review and report on executive compensation and for proposals to review executive compensation as it relates to non-financial performance such as diversity, labor and human rights, environment, community relations, predatory lending, improvements in health care quality and other social issues.
- **For** proposals requesting to take a shareholder vote on severance packages. We support the right of shareholders to vote on golden parachutes which we believe go above and beyond ordinary compensation practices.

## ON SHAREHOLDER RIGHTS

- **Against** proposals that limit shareholders rights to call special meetings because matters may arise between annual meetings.
- **Against** proposals that seek to institute supermajority voting provisions in a company's by-laws.
- **For** cumulative stockholder voting for directors since this would enhance the ability of workers, communities, environmental groups and others to influence board membership.
- **For** confidential voting to prevent management from identifying dissenting shareholders.

- **For** proposals to allow shareholders space in proxy statements to state their views on contested issues and for proposals to allow shareholders to nominate Director candidates as long as nominators own a substantial amount of stock and the nomination is not a frivolous one.
- **For** most requests for more information or more study of potentially harmful product sales or production methods if we believe the information can be provided without unreasonable expense.

## **ON ENVIRONMENTAL & SOCIAL ISSUES**

- **For** disclosing more information about equal employment policies, environmental policies and overseas properties and contractors, if we believe the information can be provided without unreasonable expense.
- **For** proposals asking for the adoption of responsible animal use policies.
- **For** proposals improving diversity of the company's workforce.
- **For** proposals concerning indigenous rights and other communities of concern.
- **For** proposals to incorporate social criteria into lending and underwriting practices of financial institutions and **For** resolutions asking companies to end predatory lending practices.
- **For** proposals asking companies to improve access to healthcare
- **For** proposals reducing marketing and accessibility of alcohol, gambling and tobacco
- **For** proposals improving the working conditions in the company's supply chain

Other proxy issues are examined on a case-by-case basis.

### **Item 18: Financial Information**

ZAM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, therefore the disclosure of financial information does not apply. As noted under item 5, clients are billed for our investment services quarterly in arrears.

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

### **Item 19: Requirements for State-Registered Advisors**

This item is Not Applicable.

--End--