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### **Form ADV Part 2A Brochure**

This Form ADV Part 2A brochure provides information about the qualifications and business practices of Evergreen Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at 425-467-4600 or [whay@evergreengavekal.com](mailto:whay@evergreengavekal.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 Evergreen Capital Management LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Evergreen Capital Management LLC is a registered investment adviser. Registration as an investment adviser does not imply any certain level of skill or training.

## **Material Changes (Item 2)**

*This section of the brochure helps you quickly identify material changes from the last annual update.*

The date of the last annual update was March 31, 2021. During the annual update, Evergreen amended the brochure to provide enhanced disclosure of Evergreen's advisory business and updates to assets under management (Item 4), added additional disclosure related to Fund fees and expenses (Item 5), added private funds to its types of clients (Item 7), added language to address risks associated with investing in private fund of funds (Item 8), added disclosures as it relates to its affiliate, Evergreen Sterling Kudor and Gavekal Capital Limited (Item 10), amended soft dollar language for accuracy (Item 12) and added language as it relates to private funds and Custody Rule requirements (Item 15).

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## **Advisory Business (Item 4)**

*This section of the brochure tells you about our business, including ownership, and a description of the services we offer.*

Evergreen Capital Management LLC is referred to in this document as “Evergreen Capital Management”, “Evergreen”, “the Company”, “Advisor”, “us”, “we”, or “our.” In this document we refer to current and prospective clients of Evergreen Capital Management as “you”, “client”, or “your.”

Evergreen has two main offices, located in Bellevue, WA and San Francisco, CA, and each of the two main offices has its own Investment Committee. Each Investment Committee is permitted to and typically does recommend different types of investments for clients. Evergreen also has a few other satellite offices that fall under the purview of the Bellevue office. The disclosures throughout this Form ADV apply to the business practices of both locations.

Evergreen offers a variety of services, including investment supervisory services, an automated investment program called Evervestment, as well as investment consulting services and financial planning upon request. Clients who enroll in the Evervestment program will receive portfolio management from Evergreen’s Bellevue office, but all other services are available from both Evergreen locations. Additional information about Evergreen’s services is provided below.

### **Investment Supervisory Services**

Most clients enter into a written Investment Advisory Agreement for investment supervisory services, where Evergreen Capital Management and our investment adviser representatives (“IARs”) provide asset management services on a continuous and ongoing basis guided by the individual needs of the client. We use the information provided by you to develop investment advice that is tailored to your individual situation. We regularly inquire about, and you are responsible for providing, information about your investment goals, time horizon, and risk tolerance.

Evergreen’s investment supervisory services are generally not provided to all your holdings or net worth but rather only to assets specifically designated by you and agreed to by us as managed assets. Clients can generally impose restrictions on investing in certain securities or types of securities.

### **Types of Investments Used**

For our investment supervisory services, we consider many different types of securities when formulating the investment advice we give to you. Although we primarily provide investment advice on publicly traded securities, including registered investment companies, we do recommend interests in private funds for certain clients. If you come to us with existing investments, we evaluate them with respect to your financial goals, risk tolerance, and investment time horizon. Depending upon your situation, we will recommend investments in individual stocks, corporate and/or government bonds, mutual funds, or

exchange-traded funds (“ETFs”). For certain clients, Evergreen also recommends investments in partnership interests in real estate or oil and gas interests, or investments in private funds. In certain cases, Evergreen elects to use subadvisers for a portion of your account, typically based on the subadviser’s expertise in a particular type of investment or investment strategy.

For certain clients, Evergreen will invest a portion of such client’s portfolio in negatively correlated mutual funds or ETFs. Negatively correlated mutual funds or ETFs typically rise in value while the general stock market declines and vice versa. In certain circumstances, Evergreen will add these negatively correlated mutual funds or ETFs in an attempt to reduce the volatility of your portfolio. The addition of negatively correlated investments does not in any way guarantee that the volatility, draw down, or loss of portfolio principal will be lower and it could actually reduce long-term portfolio performance.

Evergreen provides discretionary investment advisory and management services to a private fund (“the Fund”). The objective of the fund is to provide risk adjusted long-term returns by investing in third-party-managed private pooled investment vehicles that make private equity and venture capital investments. In addition, the Fund may make third-party-sponsored co-investments alongside third-party managed private pooled investments in the Fund.

#### Tailored Services and Investment Restrictions

For clients that have engaged us for investment supervisory services, we attempt to tailor your investment portfolio to your situation as you have described it to us. This is why it is so important that you let us know about changes to your financial situation, goals, or investment time horizon. You can impose restrictions on investing in certain securities or types of securities. You must clearly identify these restrictions in writing to us.

#### **Evervestment**

We offer an automated investment program (“Evervestment” or the “Program”) through which clients can invest in a range of investment strategies we have constructed and manage, each consisting of a portfolio of ETFs and a cash allocation that must be at least 4%. Each client portfolio will be based upon a model developed by us. The portfolio of each client enrolled in the Program is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. (“CS&Co”). Evergreen uses the Institutional Intelligent Portfolios® platform (“Platform”), offered by Schwab Performance Technologies (“SPT”), a software provider to independent investment advisors and an affiliate of CS&Co., to operate the Program.

We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (together, “Schwab”). We, and not Schwab, are your investment adviser and primary point of contact with respect to the Program. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for you, choosing a suitable investment strategy and portfolio for your investment needs and goals, and managing that portfolio on an ongoing basis. We have contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the Program. The Platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the

“System”).

The services offered by us through the Program differ from our investment supervisory services as described above because the securities available for investing through the Program are limited to ETFs, while clients that engage us for other investment supervisory services typically can select from additional investment options depending on their account size. To the extent a prospective client contacts Evergreen regarding opening an advisory account, Evergreen will usually consider the investible assets of such prospective client as well as any related accounts (including those of family members) when determining the total investible assets and the appropriate type of account for such prospective client to open. Since Evergreen’s establishment of Evervestment in September 2018, prospective clients with net investible assets below \$1 million that meet the various types of clients described below under Item 7 will generally be referred to the Program.

#### Types of Investments Used

The Platform requires us to construct portfolio models that consist of certain ETFs that are available for use on the Platform, including (but not exclusively) ETFs that are managed or advised by Schwab.

The System includes an automated investment engine through which we manage Evervestment client portfolios on an ongoing basis. The models that are used for client portfolios in the Program will typically be reviewed by Evergreen’s investment professionals and rebalanced on a monthly basis. Evergreen reserves the right but is not required to rebalance these models more or less frequently in response to unusual market conditions. Once the models are rebalanced, client portfolios that are following such models will be rebalanced, to the extent necessary.

#### Tailored Services and Investment Restrictions

The System includes an online questionnaire that helps us determine your investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that we will recommend a portfolio via the System in response to your answers to the online questionnaire. The System uses an algorithm that is based on certain assumptions about an individual’s risk tolerance, particularly that factors such as time horizon, investible assets, and other questions about risk-taking behavior can be used to predict the appropriate risk level of an investment portfolio for you. The System will provide you with a recommended allocation based on its algorithm but, depending on how you answered the questionnaire, you may be given the option to indicate if you have an interest in a portfolio that is one level more conservative or one level more aggressive than the recommended portfolio. We then make the final decision and select a portfolio based on all the information we have about you. Because the information we have about you will be limited to the information collected through the questionnaire and any supplemental information you proactively provide to us, the portfolio recommended for you by the System could be different than the portfolio that we might recommend if you completed a more detailed questionnaire and had an in-person interview with an Evergreen financial advisor.

Evervestment clients may instruct us to exclude up to three ETFs from their portfolio. If a

material change occurs to your investment goals, risk tolerance, time horizon, or liquidity needs, or you would like to modify the restrictions applied to your account, it is your responsibility to promptly update your information either by completing a new questionnaire or contacting Evergreen at 425-467-4600. Evergreen will contact Evervestment clients at least quarterly to remind them to notify the Company if there are any changes in your financial situation, investment objectives, or if you wish to modify the restrictions (if any) imposed on your account. Additionally, Evergreen will contact Evervestment clients at least annually to request any updates to the information provided to Evergreen in the event there is a material change in your financial circumstances or investment objectives, or you wish to make changes to the restrictions (if any) imposed on your account.

Evergreen does not bear any responsibility for investment management decisions or other actions taken on the basis of any incomplete, misleading, inconsistent, or incorrect information provided by a client, or due to a client's failure to promptly update the information Evergreen maintains on file regarding client upon any material change. Although a Wealth Consultant does review the responses clients provide to the questionnaire, you are still responsible for providing accurate and appropriate information based on your individual investment situation.

Please note that although Evergreen periodically will consider the tax consequences of certain investment decisions for the models used for client portfolios, the Program does not take into account the individual tax considerations of specific clients, and Evergreen does not provide any tax advice. You are responsible for any tax implications and/or tax obligations that arise from your decision to enroll in the Program.

### **Investment Consulting Services**

Evergreen Capital Management does from time-to-time provide investment consulting services on topics not involving securities. The fees for this advice are typically included as part of an assets under management billing agreement or a fixed fee agreement described in the written agreement between us. Non-securities related advice is only provided to you upon specific written request and agreement between us. Not all clients receive this type of advice.

### **Financial Planning**

Upon request, we provide some clients with a written plan that typically includes a personal balance sheet and certain projections. Any reports, financial statement projections, and analyses provided by Evergreen are intended exclusively for your use in developing and implementing your financial plan. In view of this limited purpose, the statements should not be considered complete financial statements. Evergreen Capital Management will not audit, review, or compile financial statements, and accordingly, we will not express an opinion or other form of assurance on them, including the reasonableness of assumptions and other data on which any prospective financial statements are based. It is likely that there will be material differences between any projected results provided by Evergreen and actual results because events vary, and circumstances frequently do not occur as expected.

Our analyses are highly dependent on certain economic assumptions about the future. We recommend you become familiar with the key assumptions Evergreen uses in the financial

planning process such as inflation and investment rates of return, as well as how significantly these assumptions affect the results of our analyses. Your participation in the financial planning process indicates your consent to the use of these assumptions unless you notify us otherwise. You are responsible for the accuracy of the personal data upon which our projections are based. The financial plan assumptions and reports we provide to you are primarily a tool to alert you to certain possibilities. The reports we provide to you are not intended to nor do they provide you with any guarantee about future events including your investment returns. The implementation of the plan is solely your responsibility.

The financial plans we provide do not address all potential aspects of financial planning. Typically our plans address retirement planning, college funding, and estate planning. Risk management issues such as life, health, disability, and long-term care insurance are not typically addressed and you are encouraged to seek professional counsel in these areas.

### **Research Services**

In certain instances, Evergreen provides impersonal, non-discretionary equity research services and analysis ("Research Services") to clients, for free, and to the public for a fee. Such Research Services may be provided to recipients through: (i) Evergreen's website or (ii) via email. Evergreen actively manages client portfolios. Securities discussed in its research reports may or may not be held in client portfolios at any given time.

### **Assets Under Management**

As of December 31, 2020, Evergreen Capital Management managed approximately \$2,991,000,000. Of this amount, approximately \$2,865,000,000 was managed on a discretionary basis and \$126,000,000 on a non-discretionary basis.

## **Fees and Compensation (Item 5)**

*This section of the brochure describes how we are compensated for the services we offer.*

### **Fees and Expenses for Investment Supervisory Services**

#### Fees Based on Assets Under Management

Most clients pay fees for our asset management services based on a percentage of the assets being managed. Your specific annual fee arrangement will be described in the written Investment Advisory Agreement entered into between Evergreen Capital Management and you. Evergreen may negotiate investment advisory fees with certain clients at our sole discretion. All clients do not pay the same fee. A lower fee for a comparable service may be available from other sources.

The annual fee for our services is generally billed quarterly, either in arrears or in advance, based on the value of the account at the beginning or end of the quarter. Fees paid by clients to Evergreen generally range from 0.125% to 1.50% per year of assets under management, depending on the market value and investment objectives of your account(s). Certain clients have negotiated with Evergreen to pay fees outside this range. The fees paid by clients outside



this range are, in certain circumstances, due to factors such as the specifics of a particular investment management assignment and/or accounts grouped by household.

If the Investment Advisory Agreement does not span the entire quarterly billing period, the fee you pay will be pro-rated based on the days the account is open during the billing period. Your account custodian will send you client statements, at least quarterly, showing all disbursements for the account including the amount of the advisory fee, if deducted directly from the account. It is the shared responsibility of Evergreen Capital Management and you to verify the accuracy of the fee calculation as the account custodian will not determine whether the fee has been properly calculated. See Brokerage Practices (Item 12) in this brochure for more information about your account custodian(s).

Either party may terminate the Investment Advisory Agreement by providing written notice. Any unearned fees collected in advance of services being performed will be returned to you on a *pro rata* basis.

Evergreen does enter into other types of fee arrangements with certain clients on a case- by-case basis.

#### Performance-Based Fees

Although Evergreen does not typically charge clients performance-based fees, it has negotiated with certain clients to charge them a fee based on the performance of their investments, subject to such investments achieving a hurdle rate. Evergreen will only charge performance-based fees to clients who are “qualified clients” as defined in Rule 205- 3 of the Investment Advisers Act of 1940 and who have entered into an agreement with Evergreen documenting the manner in which such fees will be charged.

#### Valuation of Securities

Although we make recommendations of custodians for your consideration, you ultimately choose the custodian that will hold your securities in the account(s) that we manage for you. Evergreen charges asset-based fees on the value of each security as determined by Evergreen in a manner consistent with the Company’s valuation policy, and it is possible that such value we use for charging such fees could differ from the value of the same securities at the custodian you have selected.

#### How Clients Pay Advisory Fees to Evergreen

The fees you pay to Evergreen for our advisory services are generally deducted directly from your account. You must provide your qualified account custodian with written authorization to have fees deducted from your account and paid to Evergreen Capital Management.

#### Other Types of Fees and Expenses

In addition to the investment advisory fees you pay to us, you will pay transaction fees (commissions) to your custodian or broker-dealer for executing securities transactions and charges for special services elected by you or Evergreen Capital Management, as provided for in agreements with you and your custodian and/or Evergreen. These fees will generally be paid to your custodian or broker-dealer and could in certain circumstances include:

- periodic distribution fees
- electronic fund and wire transfer fees
- certificate delivery fees
- reorganization fees
- account transfer fees (outbound)
- returned check fees
- international security transfer fees
- overnight mail and check fees
- Rule 144 transfer fees
- transfer agent fees
- annual account or maintenance fees
- redemption fees on mutual fund transactions
- sales loads on mutual fund transactions

This list is not meant to be all inclusive. Please refer to Item 12 of this document for an explanation of our brokerage practices.

#### Investment Company and Private Fund Fees

Investment company funds (e.g., mutual funds or ETFs) and private funds that are held by you will bear their own internal transaction and execution costs, as well as directly compensate their investment managers and pay certain other expenses. You will pay these fees and expenses in addition to the management fees you pay to Evergreen.

Some investment company funds pay 12b-1 fees, distribution fees, and/or shareholder service fees to broker-dealers that offer investment company funds to their clients. These fees affect the net asset value of the investment company fund shares and are indirectly borne by fund shareholders such as you.

Some investment company fund companies have imposed a redemption fee. A redemption fee is another type of fee that some funds charge their shareholders when shares are sold or redeemed within a short period of time from the purchase of the fund shares. While it is not the general practice of Evergreen Capital Management to sell client's securities in a period that would generate a redemption fee we might do so if we believe the sale is in your best interests, or if fund shares must be redeemed to pay fees from the account. A complete explanation of these charges is contained in the Prospectus and Statement of Additional Information for each investment company fund. You can get a prospectus through the investment company website, by telephone, or by mail.

Clients who invest in subadvised separate accounts or private funds managed by another investment adviser will also pay asset-based management fees to the subadviser or adviser of the private fund that are separate from and in addition to Evergreen's advisory fees. Additionally, clients who invest in private funds are also required in certain circumstances to pay performance-based fees to the adviser of the private fund.

Subadvisers for separate accounts charge management fees that generally range from 0.25%

to 1% of assets under management, and subadvised separate accounts typically do not have performance-based fees. Management fees for subadvised separate accounts are paid to the subadviser and are typically deducted directly from your account with such subadviser.

Clients who are invested in private funds pay the manager of such private fund an asset-based management fee that typically ranges from 0.50% to 2.5% annually. Clients who are invested in private funds and who are eligible to pay performance fees typically pay performance fees that range from 0% to 30% based on realized and/or unrealized gains. In certain circumstances, you will be charged a performance fee only after a certain hurdle rate is achieved. In addition, clients who are invested in private funds will pay certain operational expenses of the funds as set forth in a confidential offering memorandum or similar offering document for each such private fund. The management fee, performance fee, and any related operational expenses are generally deducted directly from the assets of the private fund or from distributions to investors in the private fund.

If you are invested in a subadvised separate account or a private fund, you will pay all of the fees and expenses of such investment in addition to the fees you pay to us.

### **Fees and Expenses for Evervestment Clients**

For clients enrolled in Evervestment, Evergreen is compensated by charging an annual fee that ranges from 0.50-0.75% based on the market value of your account ("Program Fee"). The Program Fee is charged quarterly in advance, and is automatically deducted from your custodial account. Evergreen reserves the right, in its sole discretion, to reduce or waive the Program Fee for certain client accounts for any period of time determined by Evergreen. This Program Fee covers the services of Evergreen as investment adviser.

In addition to the Program Fee, you will pay certain fees for the ETFs held in your account, as described above in the sub-section on Investment Company and Private Fund fees.

Clients who invest through Evervestment do not pay fees to SPT or brokerage commissions or other fees to CS&Co. as part of the Program.

Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of the Program. Schwab does receive other revenues in connection with the Program. All ETFs have an operating expense ratio ("OER"), an annual rate the ETF charges on the total assets it holds. Like all ETFs, Schwab ETFs charge an OER that is a source of revenue if advisors select Schwab ETFs for their portfolios. The OER is the same for all purchasers of the ETF, regardless of the firm where, or program in which, it is held. Additionally, some third-party ETFs included in the Platform pay Schwab for services provided to them as participants in Schwab ETF OneSource™, Schwab's commission-free ETF investing platform. It is important to note that Evergreen has discretion over selecting the appropriate ETFs from among the available options on the Platform for the investment models used to manage client accounts in the Program, regardless of whether Schwab earns revenue.

Additionally, Schwab Bank® earns interest revenue on the cash feature in the accounts.

We do not pay SPT fees for the Platform so long as we maintain \$100 million in client assets in accounts at CS&Co. that are not enrolled in the Program, which we currently meet at the time this Form ADV was filed. If we do not meet this condition at some point in the future, then we will pay SPT an annual licensing fee of 0.10% (10 basis points) on the value of our clients' assets in the Program. This fee arrangement gives us an incentive to recommend or require that our clients with accounts not enrolled in the Program be maintained with CS&Co. We address this conflict of interest by permitting clients to choose between different custodians as described below in Brokerage Practices (Item 12).

### **Fees for Investment Consulting and Financial Planning Services**

Fees for these services are typically based on a pre-set fee schedule but may be negotiated on a case-by-case basis, and may be based on assets under management or determined in another manner that is agreed to by the client and Evergreen.

### **Commissions or Additional Compensation**

Our investment advisor representatives do not receive any compensation for the sale of securities or other investment products while providing investment advisory services to you.

### **Fees and Expenses**

Evergreen receives an investment advisory fee, quarterly paid in advance, for acting as the investment adviser to the Fund. Investors in the Fund will generally pay a 1% management fee. Management fees with respect to investors who are a client of Evergreen pursuant to an Investment Management Agreement (an "SMA Client") shall be calculated in the manner set forth at the rate provided for in such SMA Client's Investment Management Agreement. The management fee may be reduced or waived by Evergreen in its sole discretion for any reason.

In addition to a management fee, investors are subject to incentive fees, as specified in the Fund's Private Placement Memorandum.

Operating and investment relative expenses may be charged to the fund, as specified in the Fund's Private Placement Memorandum.

The underlying investment funds, of which the Fund invests in, generally charge a management fee of between 1.00% and 2.00% of capital committed or assets under management, a carried interest of up to twenty percent of the net profits, in some cases after a preferred return, that would otherwise be allocated to the investment fund's investors and require their investors to reimburse the investment fund for the expenses to operate such investment funds.

It is important that investors in the Fund refer to the relevant confidential private placement memorandum and/or other governing documents for a complete understanding of how fees are paid to Evergreen and what expenses they may pay thorough an investment in the Fund. The information contained herein is a summary only and is qualified in its entirety by such documents.

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

*This section of the brochure explains any performance-based fees we may charge you for and how they may be different from other clients' charges.*

Evergreen Capital Management does not typically charge fees that are based upon a share of capital gains or capital appreciation of client assets, although performance-based fees are charged by third-party managers of private funds in which certain clients of Evergreen are invested. Additionally, as described above in Item 5, certain clients have negotiated with Evergreen to pay a performance-based fee. While such performance-based fees could potentially be seen to create an incentive for Evergreen to make riskier or more speculative investments for clients who are paying such fees, or to direct more profitable investments to those clients who are paying performance fees, Evergreen has established policies and procedures regarding the allocation of investment opportunities to address such risks. We are obligated to treat all clients fairly in accordance with our fiduciary duty.

Evergreen provides investment advisory services to other clients in addition to you. Not all clients receive the same investment advice, nor do they pay the same fee. We strive to act in the best interests of each of our clients at all times.

As described in Item 5.A above, In addition to a management fee, Evergreen may receive incentive fees for serving as investment adviser to the Fund, as specified in the Fund's Private Placement Memorandum.

## **Types of Clients (Item 7)**

*This section of the brochure describes who we generally provide our services to.*

### **Investment Supervisory Services, Investment Consulting, and Financial Planning Clients**

Evergreen Capital Management provides investment supervisory services, investment consulting, and financial planning to a variety of types of clients including individuals, trusts, endowments, and pension and retirement plan accounts.

While Evergreen's minimum account size is typically \$1,000,000. Evergreen has the discretion to waive such minimum account sizes. Certain strategies' minimum account size will exceed \$1,000,000.

### **Evervestment Clients**

Clients eligible to enroll in the Program include individuals, IRAs, and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program. The minimum investment required to open an account in the Program is \$25,000, Evergreen has the discretion to reduce such minimum account sizes.

## **Private Funds**

Evergreen provides investment advisory services to private investment funds, organized as limited partnerships, limited liability companies, or other legal entities, in which investors are accredited investors or qualified purchasers. These private funds or any associated limited partners are not registered under federal securities laws.

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

*This section of the brochure explains how we formulate our investment advice and manage client assets.*

Evergreen provides investment advice to its clients with respect to investments in a variety of securities, including but not limited to ETFs, mutual funds, equities, fixed income securities, and investments in private funds. The below methods of analysis and investment strategies apply broadly to all Evergreen clients, although, as described above in Advisory Business (Item 4), the investments available to Evergreen clients are limited to ETFs.

### **Methods of Analysis**

#### Fundamental

We analyze an investment by examining its publicly available financial statements or reports, its management, competitive advantages, competitors, and markets. We attempt to identify investments that are selling for less than their intrinsic worth. Our fundamental analysis method is based upon the assumption that markets sometimes misprice an investment in the short run but that the "correct" price will eventually be reached.

#### Fund Flow Analysis

Evergreen Capital Management has a defined process built around mutual fund flow analysis. Flow data is tracked and analyzed monthly. A quantitative examination of the flow data helps drive the tactical investment decisions.

#### Macroeconomic

Our analysis of the macro environment helps us understand the relationship between such factors as national income, output, consumption, unemployment, inflation, savings, investment, international trade and international finance. The differing effects of these and other factors help shape our investment outlook.

#### Third Party Analysis

As part of our analysis we purchase proprietary investment and market analysis from independent third parties. This third-party analysis is used as part of our investment and market analysis process. We don't believe that the loss of our ability to obtain this third party analysis would represent a material risk to our clients' investment portfolios.

### **Investment Strategies**

#### Dynamic Asset Allocation

As part of our investment strategy we use a method we call Dynamic Asset Allocation.

Dynamic Asset Allocation is an active investment methodology that adjusts a portfolio's asset allocation based on a variety of factors, beginning with the client's investment objectives, current financial situation, and risk tolerance. Through consultation with each client, we will determine the type of strategy best suited for the client's investment goals. Our available strategies range from highly conservative to aggressive growth, and typically include various combinations of individual securities and ETFs, as well as private funds for certain clients for whom such investments are appropriate. We also offer focused strategies that are appropriate for certain clients that include global opportunities, tactical macro, dividend appreciation, dynamic equity, cash management, and investments in master limited partnerships ("MLPs").

Our goal in using Dynamic Asset Allocation is to improve the risk-adjusted returns of an investment portfolio when compared with other investment strategies. We modify our asset allocation advice according to our opinion of the valuation of the markets in which our clients are invested. We attempt to adjust our asset allocation advice to over-weight or focus on a market or sector of the market that we feel will perform better than others. We strive to buy investments with the goal of holding them as long-term investments, but we might recommend you sell a particular investment if, in our opinion, it is no longer in your best interest to hold.

We recommend investments for each client based on the investment strategy selected by the client and the suitability of the investment as it relates to the client's objectives and guidelines. In certain circumstances, Evergreen will consider the tax consequences of certain investments for a client that has engaged us for investment supervisory services. On occasion, these client-specific considerations could result in Evergreen both buying and selling the same investment at the same time for different clients, even when such clients are invested in the same or similar strategies.

In addition, Evergreen's two Investment Committees make investment decisions independently, and it is possible that an Investment Committee could make decisions on the same investment opportunity that are contrary to those made by the other Investment Committee.

#### Right Cycle Investing

For certain clients, Evergreen's Dynamic Asset Allocation approach indicates that Right Cycle Investing is appropriate for all or a portion of the client's portfolio. Right Cycle Investing™ is Evergreen's "active" management of "passive" ETFs. We believe the diversification and cost advantage of ETFs offer the average investor above average performance opportunity over the long term. Right Cycle Investing™ uses various forms of analysis to allocate funds within our ETF models, and is guided by proprietary work we have done in analyzing mutual fund purchase and sale activity and research data obtained from a third-party. We believe successful investing requires a long-term time horizon and commitment to a well-designed and unemotional investing strategy.

#### Private Fund Investments

The Fund seeks to provide attractive risk adjusted long-term returns by investing in third-party-managed private pooled investment vehicles that make private equity and venture capital investments ("Investment Funds"). In addition, the Partnership may

make third-party-sponsored co-investments alongside Investment Funds and other investors (“Co-Investments” and together with the Investment Funds, “Investments”).

## **Risks**

### General Risks to Investing

Investing is not without risk, and involves the risk of loss of principal which you should be prepared to bear. We use several strategies to try to reduce risk, including diversifying a portfolio across multiple asset classes if consistent with your investment objectives and monitoring the portfolio and the markets for changes in fundamentals. Despite these strategies, historical evidence clearly shows that every asset class has experienced severe declines in value—sometimes sustained over many years—throughout several periods of time in history. In addition, each of our strategies to minimize risk will not work in all circumstances, including in situations where asset classes become more correlated.

As with any investment, you could lose all or part of your investments managed by Evergreen Capital Management, and your account’s performance could trail that of other investments.

### Asset Class Risk

Securities in your portfolio(s) or in underlying investments such as mutual funds could potentially underperform in comparison to the general securities markets or other asset classes.

### Management Risk

The performance of your account is subject to the risk that our investment management strategy does not produce the intended results.

### Market Risk

Your account could lose money over short periods due to short-term market movements and over longer periods during market downturns. The value of a security can decline due to general market conditions, economic trends, or events that are not specifically related to the issuer of the security or to factors that affect a particular industry or industries. During a general downturn in the securities markets, multiple asset classes are often negatively affected.

### Passive Investment Risk

In certain circumstances, Evergreen Capital Management will use a passive investment strategy that is not actively managed where we do not attempt to take defensive positions in declining markets.

### Risks of Investing in Private Funds

Evergreen recommends investments in private funds to certain clients. Investments in private funds involve risks distinct from those of publicly traded securities. We will discuss these risks orally with clients for whom we recommend investing in private funds. Also, clients who invest in private funds will receive copies of the private funds’ offering documents, which also discuss the risks of such investments.

### Risks of Investing in Emerging Markets

Emerging markets are often less stable politically and economically than developed markets such as the United States and investing in emerging markets involves different and



greater risks. There typically is less publicly available information about companies in emerging markets. The stock exchanges and brokerage industries of emerging markets do not have the level of government oversight as do those in the United States. Securities markets of such countries are substantially smaller, less liquid and more volatile than securities markets in the United States. Many emerging markets are especially prone to currency-related risks. In addition, investments in certain emerging markets are subject to related volatility risk. The smaller size and lower levels of liquidity in emerging markets, as well as other factors, results in changes in the prices of emerging market securities that are more volatile than those of companies in more developed regions. This volatility can cause the price of investments in emerging markets to go up or down dramatically.

#### Risks of Investing in Futures/Commodities

Although not a normal part of Evergreen's advisory services, Evergreen may make limited investments in futures/commodities for a small subset of clients. Trading commodities and commodity interests (e.g., futures contracts on commodities, securities indices or currencies) is highly speculative and may entail risks that are greater than the risks associated with investing in securities. These risks include, but are not limited to, greater price volatility and potential illiquidity, and these types of investments have similar impacts to a client's portfolio as the use of leverage.

#### Risks Associated with Trading "Odd Lots"

When a client instructs Evergreen to raise cash, Evergreen may need to sell small positions or odd lot sizes and/or be unable to aggregate a client's order with orders of other clients. There are price and liquidity risks associated with small odd lot transactions that would not otherwise exist if Evergreen was able to sell larger positions of the security. This will be true even if the amount of securities the client originally purchased was an institutional sized position or round lot that has diminished (and/or amortized down) in size over time.

#### Business, Terrorism and Catastrophe Risks

Clients will be subject to the risk of loss arising from exposure that it may incur, indirectly, due to the occurrence of various events, including hurricanes, earthquakes, and other natural disasters, terrorism and other catastrophic events such as a pandemic. These catastrophic risks of loss can be substantial and could have a material adverse effect on Evergreen's business and Clients' portfolios including investments made by Evergreen.

Additional risks that apply to certain investments made by us include registration risk; political/regulatory risk; securities lending risk; credit risk; interest rate risk; risks related to credit ratings, unrated securities and high yield securities; foreign exchange/currency risk; risks associated with depository receipts; financial derivative instruments risk; options risk; over-the-counter markets risk; settlement risk; counterparty risk; and liquidity risk.

For risks associated with the Fund, please refer to the Fund's Private Placement Memorandum.

## **Disciplinary Information (Item 9)**

*This section of the brochure lists legal and disciplinary information for Evergreen Capital Management, its owners, and management team.*

Neither Evergreen Capital Management nor any of our owners or management team members has been involved in any civil or criminal investment-related events that must be disclosed in this document.

However, state regulators require that all formal investigations and disciplinary actions taken by regulators, customer disputes, certain criminal charges and/or convictions, as well as any IAR's financial disclosures, such as bankruptcies and unpaid judgments or liens, be filed with FINRA. If this type of information would be material to your decision to do business with Evergreen Capital Management please refer to the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) for more information about the IARs you are evaluating.

## **Other Financial Industry Activities and Affiliations (Item 10)**

*This section of the brochure describes other financial services industry affiliations we may have that could present a conflict of interest with you.*

### **GaveKal Capital Limited**

GaveKal Research ("GaveKal") provides investment research to Evergreen free of charge because of GaveKal's relationship with Evergreen. This presents a conflict because Evergreen has an incentive to base investment decisions solely on research that it obtains from GaveKal free of charge. To mitigate this conflict, Evergreen evaluates any research obtained from GaveKal in light of Evergreen's internal research efforts.

Evergreen shares research and analyst reports to Gavekal. In addition, Evergreen may have employees who perform a research function for both Evergreen and Gavekal. Both GaveKal and Evergreen have determined that their clients generally will benefit from such shared research by effectively broadening the resources of each adviser.

To mitigate any potential conflict of interest, Evergreen does not solely rely on the free research provided by GaveKal; the Company also pays for research from third parties to complement that provided by GaveKal.

### **D'Annunzio Consulting Group, LLC**

D'Annunzio Consulting Group, LLC ("D'Annunzio") is a registered investment adviser offering non-discretionary investment advice (consulting services) to a select group of clients which include primarily high net-worth families, trusts, retirement assets and private foundations.

Michelle Watson, Partner and Executive Officer of Evergreen, also serves as Senior Consultant to D'Annunzio. In her capacity as Senior Consultant, Ms. Watson provides investment consulting services to D'Annunzio's clients. Michelle Watson devotes

approximately 20% of her time as a Senior Consultant to D'Annunzio.

### **Evergreen Sterling Kudor**

Evergreen Sterling Kudor is a tax accounting firm that provides clients with tax compliance and business consulting services. Evergreen Sterling Kudor specializes in simplifying complex accounting situations for clients and working strategically to reduce their tax burden.

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

*This section of the brochure describes our code of ethics, adopted pursuant to SEC rule 204A-1, and how we deal with client and related person trading.*

### **Code of Ethics**

We have adopted a code of ethics designed to prevent and detect violations of the federal securities laws by our employees and affiliated persons, with a particular focus upon securities transactions made by our employees that have access to material information about the trading of Evergreen Capital Management. We will provide a copy of our code of ethics to clients or prospective clients upon request. For a copy of our code of ethics, please contact the Chief Compliance Officer at the phone number listed on the cover of this brochure.

### **Material Financial Interest and Personal Trading**

Principals and employees of Evergreen Capital Management purchase, hold, and sell individual securities that are also recommended to or held by you or another client. If potential insider information is inadvertently provided or learned by a principal or employee, it is our policy to strictly prohibit its use.

Evergreen Capital Management permits the firm, its employees, and IARs to buy, sell, and hold the same securities that we also recommend to clients. Evergreen performs investment services for different types of clients with varying investment goals, risk profiles, and time horizons. As such, the investment advice offered to you will typically differ from the advice offered to other clients and investments made by our IARs. We have no obligation to recommend for purchase or sale a security that Evergreen Capital Management, its principals, affiliates, employees, or IARs purchase, sell, or hold. When we decide to liquidate a security from all applicable accounts, client orders will take priority before those of a related or associated person to Evergreen Capital Management. In some cases the trades of clients and advisory personnel will be combined in a single block trade, and all trades will receive the average price. In these instances, accounts of advisory personnel accounts are managed by Evergreen Capital Management and, as result, treated as client accounts. We have established procedures for dealing with insider trading, employee-related accounts, "front running" and other issues that present a potential conflict when buy/sell recommendations are made. These procedures include reviewing employee security transactions and holdings to eliminate, to the extent possible, the adverse effects of potential conflicts of interest on clients.

## Brokerage Practices (Item 12)

*This section of the brochure describes how we recommend broker-dealers for client transactions.*

Evergreen Capital Management does not maintain custody of your assets that we manage, although we are deemed to have custody of your assets if you give us authority to debit management fees from your account (see Custody (Item 15), below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank.

We recommend clients establish custodian and brokerage accounts with CS&Co. (referred to in this section as “Schwab”), TD Ameritrade Institutional (“TD Ameritrade”), or Pershing Advisor Solutions, an affiliate of Pershing LLC (“Pershing”). The custodians selected by clients in the vast majority of cases are Schwab, TD Ameritrade, or Pershing. Not all advisers recommend, request, or require their clients to direct brokerage to particular broker-dealers. If you direct brokerage, Evergreen may be unable to achieve most favorable execution and this practice may cost you more money. For example, if you select a broker other than Schwab, TD Ameritrade, or Pershing, you will not be able to participate in aggregated or block trades placed by us through Schwab, TD Ameritrade, and Pershing. Please carefully read Items 12 and 14 in this brochure for specific disclosures and information about each custodian.

### How We Select Brokers/Custodians

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, ETFs, etc.)
- Availability of investment research and tools that help us make investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us

### **Factors Considered When Recommending Schwab as Your Qualified Custodian and Broker-dealer for Investment Supervisory Services**

One of our recommend custodians is Schwab, a registered broker-dealer, Member SIPC. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we can help you do so. Even though your account is maintained at Schwab, we can still use other brokers to execute certain trades for your account as described below (see “Your Brokerage and Custody Costs”).

#### Your Brokerage and Custody Costs

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker- dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most, if not all, equity trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades if you have chosen Schwab as your custodian. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select Brokers/Custodians”). We evaluate execution at Schwab and other broker-dealers periodically, but no less frequently than annually.

#### Products and Services Available to Us From Schwab Advisor Services™

Schwab Advisor Services (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like us. They provide us with access to its institutional brokerage services—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. Schwab’s support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab will charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab’s support services.

#### ***Services That Benefit You***

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit you and your account.

#### ***Services That Do Not Directly Benefit You***

Schwab also makes available to Evergreen other products and services that benefit us. These

products and services assist us in managing and administering the accounts of our clients custodied at Schwab, which indirectly benefits such accounts. These products and services include investment research, both Schwab's own and that of third parties. We typically use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology for accounts custodied at Schwab that:

- Provides us with access to client account data (such as duplicate trade confirmations and account statements)
- Facilitates Evergreen's trade execution and allocation of aggregated trade orders for multiple client accounts
- Provide Evergreen with pricing and other market data
- Facilitates payment of our fees from our clients' accounts held at Schwab
- Assists us with back-office functions, recordkeeping, and client reporting

#### ***Services That Generally Benefit Only Us***

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab has in the past and may in the future discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab also provides us with other benefits, such as occasional business entertainment of our personnel.

As described below under Item 14, Schwab also provides Evergreen with client referrals. This referral arrangement creates a conflict of interest in Evergreen's recommendation of Schwab as a custodian and broker for client accounts, but Evergreen considered a variety of factors in addition to the referral relationship, including the quality and cost of services provided to clients, before recommending Schwab to clients.

#### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits Evergreen because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum could give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see

“How We Select Brokers/Custodians”) and not Schwab’s services that benefit only us. Evergreen ultimately addresses this conflict of interest by permitting clients to choose their broker from among different choices that include Schwab.

## **Factors Considered when Recommending Schwab for the Evervestment Program**

Client accounts enrolled in the Program must be maintained at, and receive the brokerage services of, Schwab. While clients are required to use Schwab as custodian/broker to enroll in the Program, the client decides whether to do so and opens an account with Schwab by entering into a brokerage account agreement directly with Schwab. We do not open the account for the client. If the client does not wish to place his or her assets with Schwab, then we cannot manage the client’s account through the Program. Schwab may aggregate purchase and sale orders for ETFs across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Platform. Clients enrolled in the Program do not pay commissions or other fees on transactions effected by Schwab.

As described above under Fees and Compensation (Item 5), we do not pay SPT fees for the Platform so long as we maintain \$100 million in client assets in accounts at Schwab that are not enrolled in the Program. In light of our arrangements with Schwab, we may have an incentive to recommend that our clients maintain their accounts with Schwab based on our interest in receiving Schwab’s services that benefit our business rather than based on the client’s interest in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of Schwab’s services and not Schwab’s services that benefit only us. We address this conflict of interest by permitting clients to choose between different custodians if they do not invest through the Program.

## **Factors Considered When Recommending TD Ameritrade as Your Qualified Custodian**

Evergreen Capital Management participates in the institutional advisor program (the “TD Program”) offered by TD Ameritrade Institutional. TD Ameritrade is a division of TD Ameritrade Inc., member FINRA/SIPC, an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Evergreen receives some benefits from TD Ameritrade through its participation in the TD Program.

### Your Brokerage and Custody Costs

For our clients’ accounts that TD Ameritrade maintains, TD Ameritrade generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your TD Ameritrade account. In addition to commissions, TD Ameritrade charges you a flat dollar amount as a “prime broker”

or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your TD Ameritrade account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of these fees, we typically execute all equity trades through TD Ameritrade if you are using TD Ameritrade as your custodian.

#### Products and Services Available to Us from the TD Program

There is no direct link between our participation in the TD Program and the investment advice we give our clients, although we receive economic benefits through our participation in the TD Program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount):

- receipt of duplicate client statements and confirmations for accounts custodied at TD Ameritrade
- research related products and tools
- consulting services
- access to a trading desk serving accounts custodied at TD Ameritrade
- access to block trading for accounts custodied at TD Ameritrade (which provides Evergreen with the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- the ability to have advisory fees deducted directly from accounts of clients custodied at TD Ameritrade
- access to an electronic communications network for client order entry and account information for accounts custodied at TD Ameritrade
- access to certain mutual funds with no transaction fees and to certain institutional money managers for those clients using TD Ameritrade as their custodian
- discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors

Some of the products and services made available by TD Ameritrade through the TD Program benefit us and indirectly benefit those clients whose accounts are custodied at TD Ameritrade. These products or services help us manage and administer client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise.

The benefits received by us or our personnel through participation in the TD Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself creates a potential conflict of interest and could indirectly influence our recommendation of TD Ameritrade for custody and brokerage services.

Evergreen ultimately addresses this conflict of interest by permitting clients to choose their broker from among different choices that include TD Ameritrade.

As described below under Item 14, TD Ameritrade also provides Evergreen with client



referrals. This referral arrangement creates a conflict of interest in Evergreen's recommendation of TD Ameritrade as a custodian and broker for client accounts, but Evergreen considered a variety of factors in addition to the referral relationship, including the quality and cost of services provided to clients, before recommending TD Ameritrade to clients.

## **Factors Considered When Recommending Pershing as Your Qualified Custodian**

Evergreen Capital Management has entered into a relationship with Pershing to provide custodial and other related services to Evergreen's clients if you elect to use Pershing as your custodian. Evergreen is not affiliated with Pershing. Pershing will hold your assets in a brokerage account and buy and sell securities when we instruct them to if you choose to enter into an agreement with Pershing. If you elect to use Pershing as your custodian, you will open your account with Pershing by entering into an account agreement directly with them. We do not open the account for you, although we can help you do so. Even though your account is maintained at Pershing, we can still use other brokers to execute trades for your account as described below (see "Your Brokerage and Custody Costs"), although we typically execute most, if not all, of your equity trades through Pershing if you are using Pershing as your custodian.

### Your Brokerage and Custody Costs

For our clients' accounts that Pershing maintains, Pershing generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Pershing account. In addition to commissions, Pershing charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Pershing account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Evergreen will seek to achieve "best execution" on all client trades for accounts that are custodied at Pershing, but we acknowledge that for certain types of client accounts, a majority of trades will be executed through other brokers if, in Evergreen's estimation, the other broker is able to offer better execution quality or Pershing is unable to execute certain types of transactions. Evergreen's decision to trade with brokers other than Pershing will result in higher commission or ticket charges than would otherwise be paid if Pershing executed such trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How We Select Brokers/Custodians"). We evaluate execution at Pershing and other broker-dealers periodically, but no less frequently than annually.

### Products and Services Available to Us From Pershing

Pershing provides Evergreen with access to its institutional brokerage services—trading, custody, reporting, and related services—many of which are not typically available to Pershing retail customers. Evergreen is required to maintain \$100 million of client assets custodied with Pershing or we will be charged a quarterly platform fee for the use of Pershing's institutional brokerage services.

### ***Services That Benefit You***

Pershing has in the past provided a rebate of up to \$100 to certain clients within an initial six-month period of time to compensate such clients for changing their selected broker to Pershing. This rebate is provided by Pershing and will be reduced or discontinued at Pershing's discretion and is dependent on the overall level of Evergreen client assets custodied at Pershing. Evergreen is not able to determine whether clients will receive the rebate as such decision is made entirely by Pershing.

### ***Services That Do Not Directly Benefit You***

Pershing also makes available to Evergreen other products and services that benefit us. These products and services assist us in managing and administering the accounts of those clients that choose Pershing as their custodian, which indirectly benefit such clients. For example, Pershing makes available software and other technology for accounts custodied at Pershing that:

- Provides us with access to client account data (such as duplicate trade confirmations and account statements)
- Facilitates Evergreen's trade execution and allocation of aggregated trade orders for multiple client accounts
- Provides Evergreen with pricing and other market data
- Facilitates payment of our fees from our clients' accounts held at Pershing
- Assists us with back-office functions, recordkeeping, and client reporting

### Our Interest in Pershing's Services

The availability of these services from Pershing benefits Evergreen because we do not have to produce or purchase them. We do not have to pay for Pershing's services so long as our clients collectively keep a total of at least \$100 million of their assets in accounts at Pershing. Beyond that, these services are not contingent upon us committing any specific amount of business to Pershing in trading commissions or assets in custody. The \$100 million minimum gives us an incentive to recommend that you maintain your account with Pershing based on our interest in receiving Pershing's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Pershing as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Pershing's services (see "How We Select Brokers/Custodians") and not Pershing's services that benefit only us. Evergreen ultimately addresses this conflict of interest by permitting clients to choose their broker from among different choices that include Pershing.

### Other Pershing Services

Evergreen's agreement with Pershing provides Evergreen with the ability to refer Evergreen's clients to Pershing or an affiliate of Pershing for securities-based or residential mortgage loans. To the extent Evergreen elects to refer clients to Pershing for such purpose, Evergreen will not receive any compensation from Pershing. Evergreen will only refer clients to Pershing for financing-related services to the extent such services are requested by clients, and we acknowledge that clients have multiple options when pursuing financing and are under no obligation to use financing services provided through this referral relationship with Pershing.

## Soft Dollars

Generally, when determining a broker's ability to provide "best execution," we also consider the value of "research" or additional brokerage products and services a broker-dealer has provided or is willing to provide. This is known as paying for those services or products with "soft dollars." Because many of the services or products could be considered to provide a benefit to the firm, and because the "soft dollars" used to acquire them are client assets, the firm could be considered to have a conflict of interest in allocating client brokerage business: it could receive valuable benefits by selecting a particular broker or dealer to execute client transactions and the transaction compensation charged by that broker or dealer might not be the lowest compensation the firm might otherwise be able to negotiate. In addition, the firm could have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire products and services.

The firm's use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a "safe harbor" for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. As required by Section 28(e), the firm will make a good faith determination that the amount of commission or other fees paid is reasonable in relation to the value of the brokerage and research services provided. That is, before placing orders with a particular broker, we generally determine, considering all the factors described below, that the compensation to be paid to broker-dealers that provide products or services under soft dollar arrangements is reasonable in relation to the value of all the brokerage and research products and services provided. In making this determination, we typically consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services and products in our performance of our overall responsibilities to all of our clients. In some cases, the commissions or other transaction fees charged by a particular broker-dealer for a particular transaction or set of transactions will be greater than the amounts another broker-dealer who did not provide research services or products might charge.

### Order Aggregation

When possible, Evergreen will combine or "batch" orders for the same security if, in Evergreen's reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to clients based on an evaluation that they will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. The Company effects batched transactions in a manner designed to ensure that no participating client, including any proprietary account, is favored over any other client. Subject to a custodian's limitations, each client that participates in a batched transaction will participate at the average share price with respect to that batched order. Securities purchased or sold in a batched transaction are allocated pro-rata, when possible, to the participating client accounts in proportion to the size of the order placed for each account. Evergreen generally will, however, increase or decrease the amount of securities

allocated to each account if necessary to avoid holding odd-lot or small numbers of shares for particular clients. Additionally, if Evergreen is unable to fully execute a batched transaction and the Company determines that it would be impractical to allocate a small number of securities among the accounts participating in the transaction on a pro-rata basis, the Company will allocate such securities in a manner determined in good faith to be a fair allocation.

When a transaction is effected over multiple days, Evergreen will typically select accounts to participate in the transaction on a given day based on random allocation, with employee accounts typically participating in the last day of trading. There may be circumstances where ECM determines that it is more appropriate to allocate the filled portion of a multi-day transaction on a pro rata basis. For example, Evergreen may elect to allocate any filled shares on a pro rata basis in situations including, but not limited, when Evergreen is able to fill a meaningful portion of the overall trade amount in a particular day or if Evergreen believes there is some risk that the Company may not be able to fill the outstanding amount.

A client's choice of custodian will typically limit Evergreen's ability to batch such client's trades with other clients that use different custodians. Thus, trades for accounts custodied at each custodian, including Schwab, TD Ameritrade, and Pershing, will generally be executed at different times and different prices than trades for our other accounts that are executed at other broker-dealers.

#### Cross Trades

"Cross-trading" involves the purchase and sale of securities between accounts managed by the Company or its affiliates. Occasionally, Evergreen utilizes cross trades when it specifically deems the practice to be advantageous for each participant. Cross-trading can benefit the accounts involved by eliminating or minimizing transaction and market impact costs associated with obtaining or disposing of a portfolio security. Cross-trades in which Evergreen has engaged, and any cross-trades in which Evergreen engages in the future, have been and will be effected in accordance with procedures designed to ensure that any cross- trades between accounts managed by Evergreen are consistent with its obligation to achieve "best execution" for its clients and that no client is disfavored by cross-trading. Evergreen will not receive any fees or compensation in connection with cross-trading. Evergreen will not effect cross-trades with clients that are "plan assets" for purposes of ERISA. In addition, Evergreen does not engage in cross transactions involving Employee accounts.

#### Trade Errors Policy

Evergreen does occasionally make an error in submitting a trade order on your behalf. If an investment gain results from an error caused by Evergreen, the gain will be treated in accordance with each custodian's trade error policy as each broker-dealer used to execute client trades typically has distinct trade error policies. If a loss occurs due to an error caused by Evergreen, such loss will not be borne by the client. Evergreen Capital Management will pay for the loss.

## **Review of Accounts (Item 13)**

*This section of the brochure describes how often client accounts are reviewed and by whom.*

## **Reviews**

For clients managed by Evergreen's Bellevue office, including Evervestment clients, our advisory associates who are primarily responsible for maintaining client relationships perform reviews of all investment advisory accounts for consistency with client investment objectives no less than quarterly. Additionally, the Director of Portfolios or his designee reviews all accounts for conformity with the appropriate model portfolio(s) on a quarterly basis. For clients managed by Evergreen's San Francisco office, the Investment Committee will review your advisory account no less frequently than annually. For clients of both locations, additional reviews will typically be triggered by changes in a client's personal, tax, or financial status, sale of a security outside the selected model, cash added or withdrawn from an account, or fixed income to equity ratio balancing. Macroeconomic and company-specific events can also trigger reviews.

A small subset of accounts are reviewed on a monthly basis by their advisor and trades are placed in these accounts at the time of such review due to tax sensitivity or other specific requests made by such clients. These clients generally will receive different prices for the same investments compared to other clients whose accounts are traded more frequently.

Financial plans are reviewed only upon request unless you retain us to update the plan on a continuous basis.

## **Reports**

We have arranged for your independent qualified account custodian, typically Schwab, TD Ameritrade, or Pershing, to prepare and distribute monthly account statements directly to you, although Pershing will not provide monthly statements if your account has no transactions during the month and will instead provide quarterly statements. These account statements describe all activity in your accounts including account holdings, transactions, and investment advisory fees deducted from the account. We also prepare and distribute periodic written reports by special arrangement with clients.

## **Client Referrals and Other Compensation (Item 14)**

*This section of the brochure discloses our arrangements with people who are compensated for referring us business.*

### **Referral Relationships with Solicitors**

Evergreen Capital Management has in the past entered into written arrangements where it will pay individuals or entities not associated with us for successful referrals of new clients, although the only such arrangements that are currently in place are with Schwab and TD Ameritrade, as described below. The money paid pursuant to these arrangements is a portion of the investment advisory fees that the new client pays us. Because these non-associated entities receive payment for successful referrals, a conflict of interest exists between prospective clients and the referrer. The compensation arrangement between Evergreen Capital Management and the referrer is disclosed to prospective clients before they

enter into an investment advisory relationship with us.

### **Referral Relationship with Charles Schwab & Co., Inc.**

Evergreen Capital Management receives client referrals from Schwab through our participation in Schwab Advisor Network (“the Service”). The Service is designed to help investors find an investment adviser. Schwab does not supervise us and has no responsibility for our management of client portfolios or our other advice or services. We pay Schwab fees to receive client referrals through the Service. Our participation in the Service raises potential conflicts of interest described below.

We pay Schwab a Participation Fee on all referred clients’ accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by us is a portion of the fees the client pays us or a percentage of the value of the assets in the client’s account, subject to a minimum Participation Fee (not to exceed 0.25% of the market value of the client’s account per year). We pay Schwab the Participation Fee for as long as the referred client’s account remains in custody at Schwab. The Participation Fee is billed to Evergreen Capital Management quarterly and can be increased, decreased, or waived by Schwab from time to time. The Participation Fee is paid by us and not you. We have agreed not to charge clients referred through the Service fees or costs greater than the fees or costs we charge clients with similar portfolios who were not referred through the Service.

We generally pay Schwab a Non-Schwab Custody Fee if custody of a referred client’s account is not maintained by, or assets in the account are transferred from, Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees we generally would pay in a single year. Therefore, we have an incentive to recommend that client accounts be held in custody at Schwab. The Participation and Non-Schwab Custody Fees will be based on assets in the accounts of our clients who were referred by Schwab and those referred clients’ family members living in the same household. Therefore, we have an incentive to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit our fees directly from the accounts.

### **Referral Relationship with TD Ameritrade Institutional**

Evergreen Capital Management does periodically receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. Evergreen was selected to participate in this program based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Evergreen Capital Management and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise us and has no responsibility for our management of client portfolios or our other

advice or services. We pay TD Ameritrade an on-going fee for each successful client referral. This fee is usually a portion of the advisory fee that the client pays to Evergreen Capital Management ("Solicitation Fee"), and is up to 0.25% of the market value of the client's account per year. We will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Advisor from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Advisor on the recommendation of such referred client. We will not charge clients referred through AdvisorDirect any fees or costs higher than our standard fee schedule offered to our clients or otherwise pass Solicitation Fees paid to TD Ameritrade on to our clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Evergreen Capital Management's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, we have an incentive to recommend to clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, we have agreed not to solicit clients referred to us through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when our fiduciary duties require doing so. Our participation in AdvisorDirect does not diminish our duty to seek best execution of trades for your accounts.

## **Custody (Item 15)**

*This section of the brochure encourages you to check the statements sent to you by your account custodian to ensure the accuracy of the fee calculation.*

To the extent you have authorized us to deduct periodic investment advisory fees directly from one or more of your accounts managed by Evergreen Capital Management, or if you have granted us permission to make fund transfers pursuant to a standing letter of authorization or other documentation or have otherwise given us authority to obtain possession of your funds or securities, we are deemed to have "custody" of your assets.

Fee deductions from your account are shown on the periodic statements sent by your qualified custodian, typically Schwab, TD Ameritrade, or Pershing, directly to you. You are encouraged to review these statements carefully and compare the amounts on the custodian statements with any statements we send and the fee schedule outlined in your Investment Advisory Agreement. Please refer to the custodians' statements for a complete record of your transactions, holdings and balance. The information prepared in Evergreen's statements is prepared by Evergreen for informational purposes only and does not represent an official statement of your account.

Advisers relying on standing letters of authorizations ("SLOAs") to make certain

disbursements on behalf of the client can avoid obtaining a surprise asset verification if each such client provides written instructions to the custodian regarding specific transactions that the client authorizes the custodian to disburse upon request of Evergreen and provides Evergreen with written instructions that explicitly describe the specific transactions that the client authorizes Evergreen to disburse. Further, the custodian must verify these instructions when executing each transaction and confirm these instructions at least annually with Evergreen. Evergreen has no ability change any routing information regarding such disbursements and the client can terminate such relationship at any time.

If Evergreen is deemed to have custody of your account, Evergreen must have a reasonable basis, after due inquiry, for believing that, at least quarterly, your custodian sends account statements to you that (1) identify the amount of funds and of each security in the account at the end of the period and (2) set forth all transactions in the account during that period. Accordingly, if you do not receive from your custodians such account statements at least quarterly, you should immediately notify Evergreen by contacting us at the telephone number listed on the cover of this brochure.

If a supervised person of Evergreen serves as the trustee to your account or has otherwise been granted authority to obtain possession of your funds or securities, Evergreen will be deemed to have custody of such assets. To the extent Evergreen is deemed to have custody for these reasons, your funds and securities would generally be subject to an annual surprise asset verification by an independent public accountant.

With respect to the Fund, Evergreen is deemed to have custody by virtue of its status as general partner, managing member or investment manager, as applicable. Evergreen maintains the assets of the Fund in accounts with “qualified custodians” as defined in Rule 206(4)-2 under the Advisers Act (the “Custody Rule”). In addition, the independent investment managers generally have the discretion to select custodians to hold their assets under management. The qualified custodians utilized by Evergreen are disclosed in its Form ADV Part 1.

To ensure compliance with the Custody Rule, the Fund is subject to an annual audit by an independent accounting firm that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Investors in the Fund will not receive account statements from the qualified custodians that maintain Fund assets. Rather, each Fund’s audited financial statements will be prepared in accordance with U.S. Generally Accepted Accounting Principles, and distributed to Investors within 180 days of each Fund’s fiscal year end.

Investors are urged to carefully review the audited financial statements of the Funds upon receipt and compare them to the information provided by Evergreen in its investor statements.

## **Investment Discretion (Item 16)**

*This section of the brochure discloses the power we have to make trades in your account.*



You grant Evergreen Capital Management a limited power of attorney to select, purchase, or sell securities without obtaining your specific consent within the account(s) you have under our management. The limited powers of attorney are granted in the written Investment Advisory Agreement entered into between us. There are no restrictions upon the securities that can be purchased, sold, or held in your account unless you provide these restrictions to us in writing.

Non-discretionary advisory agreements are considered on a case-by-case basis.

## **Voting Client Securities (Item 17)**

*This section of the brochure explains our proxy voting policy and your ability to get proxy voting information from us.*

### General Proxy Voting Policy

Evergreen Capital Management has adopted a written policy regarding the voting of client proxies that is designed to ensure that we fulfill our fiduciary obligation to you and our other clients to monitor corporate actions and vote client proxies.

If a client has not provided specific voting instructions, ECM will generally vote with management unless the Investment Committee determines to vote otherwise on a specific proxy, which they may do on a case-by-case basis based on their consideration of what is in the best interest of ECM's clients. Evergreen Capital Management uses a third party service, Broadridge Financial Solutions, Inc., to facilitate proxy voting and tracking for securities held in accounts that we directly manage.

If a material conflict of interest presents itself, we will follow the procedures outlined in Evergreen's proxy voting policies, including taking steps such as notifying the affected clients, refraining from voting the respective shares, relying on the recommendation of an independent third party, or contacting legal counsel for further guidance. We will vote proxies in a way that we believe is in the best interest of our clients, and we typically vote all proxies, although Evergreen is permitted to determine in certain situations that refraining from voting is in the client's best interest.

Items not specifically addressed in Evergreen's proxy voting policy will be dealt with on a case-by-case basis by Evergreen Capital Management.

If you have granted us the power to vote proxies on your behalf, and you wish to direct us to vote your proxy for a particular solicitation or issue, you should contact us in writing clearly explaining how you would like us to vote on your behalf. You can obtain a copy of our proxy voting policy and procedures by contacting us directly.

We can also provide you with information on how we voted on a specific proxy item on request. Requests should identify the security and the proxy item in writing to assure they are clearly understood and submitted to the following person:

Wyatt Hay  
Chief Compliance Officer  
Evergreen Capital Management  
10500 NE 8<sup>th</sup> Street, Suite 950  
Bellevue, WA 98004  
Telephone: 425-467-4600

The responsibility for voting proxies for securities held in accounts not under our direct management, i.e., proxies for securities held in accounts managed by another unaffiliated investment adviser, rests with such other investment adviser.

#### Class Action Policy

Evergreen has appointed an unaffiliated third party, Chicago Clearing Corporation (“CCC”), to provide class action litigation monitoring and securities claim filing services on behalf of clients who do not opt-out of this service. You can opt-out of CCC’s service at any time by completing a Class Action Claim Opt-Out Form (“Form”) and returning it to Evergreen. The Form and a letter describing CCC’s service further are provided to you when you enter into a new advisory agreement with Evergreen or available upon request by contacting the Chief Compliance Officer at the address or telephone number noted above. You do not need to return any form if you choose not to opt-out of this service.

For clients who do not opt-out of CCC’s service, CCC will monitor each claim you have, collect the applicable trade history (transactions and positions) and documentation (beneficial owner information such as account name and tax identification), interpret the terms of each settlement, file the appropriate claim form, interact with the administrators and distribute your award on your behalf. CCC charges a contingency fee of 20%, which is subtracted from your award at the time of payment. Evergreen will be required to provide private information to CCC to assist with its class action suit research. You will also waive your right to pursue separate litigation against any and all defendants, where CCC has filed a securities class action claim on your behalf.

For clients who choose to opt-out of CCC’s service, Evergreen will not participate in class actions on your behalf. You are not precluded from contacting Evergreen for advice or information about a particular class action, but the obligation to participate shall rest with you. If you have opted out but wish to utilize CCC’s services at a later date, please contact us for further assistance.

### **Financial Information (Item 18)**

*This section of the brochure is where investment advisors that collect more than \$1200 in fees per client, six months or more in advance, would include a balance sheet.*

Evergreen Capital Management is not aware of any circumstance that is reasonably likely to impair our ability to meet contractual commitments to you or our other clients. We do not require pre-payment of investment advisory fees of greater than \$1200 more than six months in advance.

## Privacy Statement

This notice is being provided to you in accordance with the Securities and Exchange Commission's rule regarding the privacy of consumer financial information ("Regulation S-P"). Please take the time to read and understand the privacy policies and procedures that we have implemented to safeguard your non-public personal information.

### INFORMATION WE COLLECT

Evergreen GaveKal must collect certain personally identifiable financial information about its clients to ensure that it offers the highest quality financial services and products. The personally identifiable financial information which we gather during the normal course of doing business with you includes information we receive from you on applications or other forms and information about your transactions.

### INFORMATION WE DISCLOSE

1. We do not disclose personal information to third parties unless required by law or with your expressed direction and/or permission.
2. We do not sell personal information to anyone.
3. We use your personal information to fulfill our regulatory obligations and to process transactions with respect to your account.
4. We do not provide access to your broker custodian information to anyone outside the Evergreen GaveKal organization.
5. We rely on receiving your market data from your brokerage/bank custodians. We do vote proxies through the Broadridge ProxyEdge service, which votes and maintains Evergreen GaveKal's proxy voting records, a disclosure mandate required by the Securities and Exchange Commission. We have engaged a firm to file any class actions lawsuits on behalf of clients and will provide the appropriate transactional and personal information for them to file on the client's behalf.

### CONFIDENTIALITY AND SECURITY

We restrict access to nonpublic personal information about you to those employees who need to know that information to provide financial services to you. We maintain physical, electronic and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

Non-public personal information about former clients is protected in the same manner as described above.

If you have any questions regarding Evergreen GaveKal's Privacy Policy contact us at 425-467-4600.