

Brochure / Form ADV Part 2A

Crystal Asset Management AG

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Introduction

This is the brochure of Crystal Asset Management AG ("Crystal") on Form ADV Part 2A ("Brochure"). Crystal is registered with the U.S. Securities and Exchange Commission ("SEC") as an investment adviser under the U.S. Investment Advisers Act of 1940 ("Advisers Act"). Registration does not imply that Crystal has attained a certain level of skill or training.

Our Brochure provides information about the qualifications and business practices of Crystal as it pertains to our U.S. resident clients. It is our Form ADV Part 2A. If you have any questions about the contents of this Brochure, please contact Jillian MacNab, our Chief Compliance Officer, at +41 (44) 389 11 22, or e-mail her at info@cr-am.ch.

The information in this Brochure has not been approved or verified by the SEC or any state or foreign securities authority. We encourage you to visit the SEC's Investment Adviser Public Disclosure ("IAPD") for more information about Crystal. The IAPD web address: www.adviserinfo.sec.gov.

Item 2 – Material Changes

There have been no material changes since the last Brochure filed March 2020.

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Item 4 – Advisory Business

Crystal is a limited liability company, organized in the Swiss canton of Zurich. Crystal was formed in May 2011. In April 2013, Crystal became registered with the SEC as an investment adviser. Crystal operates as a fully independent wealth manager. The founders are Dieter Albrecht, Dr. Ernst Thomke, Gaudenz Domenig and Dr. Bruno Teta.

Crystal is a wholly owned subsidiary of Crystal Holding AG (“Crystal Holding”), a Swiss company. The shareholders of Crystal Holding are Bank Baumann & Cie., Bruno Teta, Achim Wagner, Gaudenz F. Domenig, Thomke Invest AG, Olivier Parein, Gustavo Vasquez Caicedo, Jillian MacNab and Noemi Katzenstein.

Our Directors are Daniel O.A. Rüedi, Gaudenz F. Domenig (Board chairman), and Adrian ILL.

As of 11 November 2016, Crystal became the sponsor for an Actively Managed Certificate (“AMC”), which is a structured product that tracks an actively managed index, which was converted into a Luxemburg UCITS sub-fund under the Baumann & Partners Fund Umbrella in October 2019.

During the second quarter of 2021, Crystal plans to become the investment manager of two Luxemburg based UCITS sub-funds under the Baumann & Partners Fund Umbrella. Previously, Crystal acted as adviser to these sub-funds and did not manage any of the assets. The sub-funds’ strategies are identical to the strategies previously advised by Crystal and are comprised (i) of small to mid-cap firms in Europe (incl. Switzerland), and (ii) of mid to large cap firms in Europe (excl. Switzerland and the UK). Crystal’s services to the sub-funds will not be awarded the protections of the SEC rules and regulations. The sub-funds will not be marketed to U.S. clients and are not available to U.S. investors. Investors in the sub-funds purchase the respective units directly through their custodian.

In preparation of its new role in the sub-funds, Crystal applied for and received from the Swiss Financial Markets Supervisory Authority FINMA the license as manager for collective investment funds and has implemented the licensing requirements as per 1 December 2020. The actual launch date is expected in the second quarter, once the sub-fund documentation has been processed and updated by the relevant authorities in Luxemburg.

In this Brochure, “U.S. Clients” means U.S. resident clients of the type identified in Item 7. “Non-U.S. Clients” means all other clients of Crystal residing outside the United States. “Clients” means both U.S. resident clients and also non-U.S. resident clients. Crystal applies the Advisers Act and its protections to all of its Clients, other than the UCITS sub-funds noted above.

Crystal concentrates its services on a small number of clients with entrepreneurial backgrounds. We believe that the best interests of our Clients are served through positive, long-lasting relationships that build a firm foundation of trust. Crystal manages Client cash and securities (“Assets”) on a discretionary basis in a focused portfolio of listed Swiss and European equities, according to the Clients’ investment objectives and restrictions. A focused portfolio usually consists of between ten and twenty-five securities, plus cash. The amount of cash or securities in an account would increase or decrease based upon Crystal’s view of the markets. The specific investment strategy and portfolio structure are based upon Clients’ individual circumstances and specific requirements (objectives, strategies and restrictions).

For our Clients, we effect transactions in Swiss and European listed equities.

More information about Crystal is available in our Form ADV Part 1, available via the SEC’s Investment Adviser Public Disclosure website (<https://www.adviserinfo.sec.gov>).

As of 31 December 2020, we manage approximately \$719 million in assets on a discretionary basis for 24 Clients.

Item 5 – Fees and Compensation

Our Clients pay a fee that is comprised of the following elements:

A “Management Fee”:

This is payable, in addition to value added tax, where or if applicable, as follows:

- 1% per annum where the assets under management are less than 25 million Swiss Francs (“CHF”);
- 0.8% per annum in the case of assets under management are between CHF 25 million and CHF 100 million; and
- 0.6% per annum in the case of assets under management over CHF 100 million.

The Management Fee is calculated and is due and payable quarterly in arrears, and is charged in the account currency (CHF or EUR). The Management Fee is based on the amount of assets under management as at the end of the final bank working day of the respective calendar quarter in Zurich (Switzerland). Investments in foreign currency will be converted into CHF on this day for the purpose of calculating the Management Fee. If an account is closed during a quarter, a pro rata Management Fee will be calculated and charged.

A “Performance Fee”:

Crystal charges a Performance Fee of 10% above a hurdle rate of 8% in the annual net capital increase (which increases every year) in assets under management, taking into consideration investments and redemptions as well as any non-realized losses, as follows. For any losses carried forward from earlier accounting periods for which Crystal has earned a Performance Fee, a “high water mark” will be deducted. Increases or decreases in Assets will affect the hurdle rate and high water mark.

All fees are negotiable.

Qualified custodians selected by Clients hold all Client Assets. Assets are valued by the Client’s custodian. Fees are calculated by Crystal, using the Midix system, which is an IT software package used to consolidate records concerning Assets, reconcile custodian records with Crystal records, maintain records and calculate fees.

No fees are paid in advance. A Client may close his or her Account at will. Upon termination, fees for the period from the first date of the quarter to the date of termination are due and payable by the Client. Arrangements for the disposition or moving of Assets after account closure are handled upon Client instructions.

Crystal will issue fee invoices to each client in advance of debiting the fee due from the client’s account.

Crystal’s fees, above, are exclusive of brokerage commissions, transaction fees, custody fees, securities exchange fees, stamp duties and any other related costs, taxes and expenses: these are incurred by the Client and invoiced by the custodian. A Client will also incur certain charges imposed by brokers, third party investment and other service providers such as deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on

brokerage accounts and securities transactions. For further details on Crystal's brokerage practices, please refer to Item 12 of this Brochure.

Item 6 – Performance-Based Fees and Side-By-Side Management

All Clients pay both a Management Fee and a Performance Fee. As such, we do not engage in side-by-side management. The presence of performance-based fees may encourage Crystal to make riskier or more speculative investments than would otherwise be the case in the absence of such incentive-based compensation. Crystal has set risk management parameters and implemented checks within the investment process to address this.

Item 7 – Types of Clients

We provide discretionary investment management services to the following types of Clients: high net worth individuals; trusts; foundations; and corporations. The percentage represented by each type is shown in our Form ADV Part 1. The mix of types of Clients may vary over time. We do not solicit U.S. Clients and we will not engage a third party to solicit or refer U.S. Clients. We will, however, reply to unsolicited approaches from U.S. resident and non-U.S. resident prospects. Client accounts will be denominated in either CHF or EUR depending upon the strategy selected. Crystal normally accepts Client accounts with at least USD 5,000,000, but would accept a smaller amount, in its sole discretion, in certain circumstances.

Crystal has a fiduciary duty to all of our clients and therefore Crystal will not favor the account of one client over that of another. Crystal has allocation and other policies and procedures in place to ensure that accounts are treated fairly. Crystal's investment process requires trades for all eligible accounts (across funds and mandates) are executed simultaneously and allocated according to the predefined pre-allocation criteria.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Crystal formulates its own investment advice for its Clients. Crystal's approach is based on fundamental research. This includes visiting companies, participating in investment workshops and seminars, generating our own research and reviewing third party research with a focus on Swiss and European equities. For timing purposes, the fundamental evaluation process is complemented by technical and quantitative analysis. Amongst the major concepts of technical analysis, we use mainly trend analysis tools and Elliott Wave analysis. As a subscriber of Bloomberg, we use the quantitative models embedded in the Bloomberg PORT application for scenario analysis and risk management. Asset Allocation between cash and equities is dependent on a combination of factors, including risk return considerations, done with technical analysis, market sentiment and economic data.

With respect to portfolio allocation, and in absence of other client instructions, Crystal limits the weighting of an individual security to 10% of the net asset value of the respective account (25% for Swiss equities-only accounts). If the position grows by more than 20% above these limits (due to performance or for other reasons), Crystal rebalances the portfolio by partially selling the respective position for risk management considerations. Although frequent trading is not an investment strategy, Crystal can sell a security within 30 days of its purchase if unforeseen circumstances require the sale as an appropriate strategic measure. This could occur because the stock has performed strongly and reached our fair value assumptions or because Crystal's view of the future market development or specific stocks has changed. Changes to Client objectives or restrictions can also trigger a trading response.

The investment strategy adopted by Crystal incurs a number of risk assumptions (Certain risks in the investment strategy Crystal uses in managing portfolios include the following):

Stock Picking Risk: Crystal analyses several factors when considering whether to purchase a security. One of these is the security's potential increase in value. A security may be sold at a price below the potential value identified when the purchase was made, which would be caused by one or more factors beyond the control of Crystal, leading to a profit less than originally desired, or even a loss. Client portfolios may sustain losses due to unanticipated market movements and failure to correctly predict the direction of securities prices, interest rates and currency exchange rates, among other factors.

Diversification Risk: Our investing focuses on the Swiss and European equity markets and individual portfolios may be concentrated in various sectors. Any investment program that concentrates in a particular sector or regional market may be more volatile than a program that invests more broadly. If a portfolio is not diversified, the decrease in the price of one particular security may have a bigger impact compared with a diversified portfolio than if the portfolio were diversified.

Market Risk: Overall, stock market risks will affect the value of a portfolio. Securities prices fluctuate every day. Fluctuations may lead to changes in correlations between or among securities, which could result in the simultaneous decrease of all security prices that may thereby negate all diversification effects.

Currency Risk: Changes in exchange rates may affect the value of a portfolio of securities. With the exception of the European portfolio which are nominated in Euros, all portfolios are nominated in the Swiss francs (CHF). As most portfolios hold non-Swiss equities, they could be affected by a devaluation of the Euro or other European currencies against the Swiss Franc.

Interest Rate Risk: Changes in interest rates or the holding of rates at low levels may affect industries differently. Financial Industries may be affected more significantly than non-cyclical industries.

Liquidity Risk: This is the risk that, due to insufficient trading volumes, a security cannot be traded at the required size (or quickly enough) to prevent a loss or make the expected profit. This may affect small cap stocks to a greater extent than large cap stocks.

Clients should be aware that investing in securities involves the risk of loss that they should be prepared to bear.

Item 9 – Disciplinary Information

There is nothing to report for Crystal.

Item 10 – Other Financial Industry Activities and Affiliations

Our sole business is providing discretionary investment advisory services. We are not engaged in any other business activities. There are conflicts of interest in our business, as discussed below.

Currently, Crystal is wholly owned by Crystal Holding but is operated as a separate business.

Crystal permits its officers, directors and employees to engage in outside activities, but requires them to pre-clear and disclose such activities to Compliance. Appropriate controls are implemented and

monitored to address the conflicts of interest arising from these, including, when and as appropriate, recusal, restriction or withdrawal.

From time to time, Crystal employees and their family members wish to buy, sell or hold securities that are or have been purchased, sold by or held for Clients. Given Crystal's fiduciary duties owed to its Clients, every such transaction will be subject to Crystal's Code of Ethics, as discussed in Item 11 below, including pre-clearance requirements and other conditions imposed upon them.

Mr. Domenig, the Chairman and a shareholder of Crystal Holding is *of counsel* with Prager Dreifuss AG, a law firm that provides legal advice to Crystal from time to time. Controls are in place to ensure that Mr Domenig is not involved in sending work to Crystal, the provision of legal services to Crystal, considering such services or the setting or payment of fees. Crystal uses policies and procedures to ensure that Mr Domenig does not receive any confidential client information. Mr Domenig does not have any role in or influence over Crystal's investment process.

Ms. MacNab, Crystal's Chief Compliance Officer is also a partner in an outside law firm which is unaffiliated with Crystal, but for which she receives additional compensation and to which she will devote a certain amount of time outside her commitments to Crystal.

Crystal exercises discretionary investment management over certain Assets owned directly or indirectly by its directors, certain officers and family members of the directors and officers. No Crystal officer, employee or director is permitted to exercise sole discretion over his or her Assets or those of a family member, or in any way influence the purchase or sale of securities or investments for such account. Policies and procedures are in place to help ensure that the individuals involved are not otherwise able to influence any aspect of the discretionary investment management process. Transactions for a "connected person" (defined below) of a Crystal officer, employee or director are governed by Crystal's Code of Ethics (Item 11). A family member who has Assets managed by Crystal pays a Management Fee of 0.6%, which may be different from what another Client pays, and also pays a Performance Fee as calculated above.

Item 11 – Code of Ethics, Participation/Interest in Client Transactions and Personal Trading

Crystal has a Code of Ethics ("Code") as required by Advisers Act Rule 204A-1. This Code sets out standards of conduct for our employees, which we categorize as "access persons". It imposes requirements aimed at preventing, detecting and correcting fraudulent activity or activities that would pose a conflict of interest in connection with personal transactions. The Code restricts their giving and receiving of gifts and their ability to accept certain positions with other companies. The Code also restricts personal securities transactions. These restrictions apply to access persons, their immediate family members sharing a household and over any accounts where the access person is deemed to have beneficial ownership, as stated in the Code.

In certain limited circumstances and in compliance with policies and procedures, including monitoring and testing, certain non-executive directors of Crystal may rebut the presumption that they are access persons. This requires a submission of relevant facts to the CEO and the CCO. The analysis of such a request and the results of compliance with policies and procedures, and monitoring and testing, will be reviewed on a regular basis.

In order to monitor compliance by our personnel with the Code and applicable law, each access person (officer, director and employee) is required to comply with initial, quarterly and annual reports of their accounts and securities positions, as well as the confirmation of each trade. In addition, each access person is required to sign a statement to acknowledge that they have received, read and understand

the Code and will comply with it, as well as confirming that they will not misuse inside information or confidential Client information.

Crystal access persons, including any family members living in the same household and sharing beneficial ownership in Reportable Securities ("connected persons"), will request under the Code pre-clearance to buy or sell securities for their personal accounts. Any such request is subject to pre-clearance and, if cleared, the purchase or sale would be subject to controls, including a holding period, monitoring and testing. No person employed by Crystal shall place his or her own interests ahead of those of a Client or make personal investment decisions based on a decision made for a Client.

This is a summary of our Code. We will provide a copy of our Code upon request.

Apart from this, we maintain a log of material conflicts and the means to address them, as well as an inventory of compliance risks (as part of our risk management program), which we review on a regular basis.

Item 12 – Brokerage and Trading Practices

Consistent with its fiduciary duties, Crystal aims to exercise care in making investment decisions. We will execute transactions on an aggregated basis as we believe this will allow us to seek best execution and negotiate more favorable commission rates or other transaction costs that might have otherwise been paid had such orders been placed independently. When aggregating orders, all Clients will be treated in a fair and equitable manner. We will not aggregate orders unless aggregation is consistent with our duty to seek best execution. No account will be favored over any other Client; however, a variety of factors determine whether or not a particular Client may or may not participate in a particular aggregated transaction. These factors include: Client investment objectives and restrictions; current cash position; Client's custodian; and the liquidity of the security compared to the Client's assets under management.

Aggregated orders filled in their entirety or partially will be allocated on an average price basis. All Clients participating in the deal receive the same average price.

We place orders for execution in accordance with our best execution policy, procedures and criteria. Our policy seeks to achieve the most favorable net results for Clients on each transaction.

We only trade with brokers on our approved broker list, and these brokers are subject to evaluation twice a year or when otherwise required according to pre-agreed criteria (speed and quality of execution, and quality of service). We use the following criteria when selecting a broker with whom to place an order to buy or sell securities or other investments: trading at agreed commission rates; ability to execute (speed); and other execution factors (price, size, depth of market (liquidity) and timing).

We define best execution as seeking to obtain the best price available in the market. We use the following factors to achieve best execution: price; speed; likelihood of execution and settlement; size of the order; and costs.

To the extent that Crystal uses third party investment research, it will do so consistent with guidance from the SEC and the European Commission regarding acceptable methods to pay for investment research under legislation in the European Union known as the Markets in Financial Instruments Directive (MiFID II), which came into effect on January 3, 2018. In this regard, research may be received in return for direct payments made by Crystal out of its own resources or by payments from a separate research payment account ("RPA") funded by Clients and controlled by Crystal. If funds in

the RPA are insufficient to pay for necessary research, Crystal will pay for the research from its own resources. Occasionally, Crystal may receive soft dollar benefits from its Swiss brokers. Crystal will use these research services and products in connection with its advisory services for any of our Client accounts, not necessarily for only the Client accounts that paid for them.

On an exceptional basis, Crystal may engage in cross trades, where two or more of its Clients trade with each other and where it is determined that such a trade is in the best interests of each Client, is consistent with the Client investment guidelines and satisfies relevant legal and regulatory requirements. Any potential cross trades will be discussed with Compliance prior to the trade occurring.

We have a trading errors policy. To the extent trading errors occur, we seek to ensure that Clients' best interests are served. Our policy is to resolve all trade errors within a reasonable time while ensuring the Client is not disadvantaged, consistent with the orderly disposition (and/or acquisition) of the securities in question. As a general matter, actual losses suffered by a Client account as a result of a trade error caused by us will be reimbursed by us. We do not compensate Clients for lost investment opportunities (e.g., failure to take advantage of investment or market improvements).

Item 13 – Review of Accounts

Crystal conducts daily reviews of Client accounts to determine, among other things, whether each account is appropriately positioned and whether investment objectives and policies are being followed.

Clients receive from their custodian at least quarterly account statements and trade confirmations. The custodian sends a copy of the quarterly account statements to Crystal. Clients receive from Crystal an invoice showing each fee calculation and quarterly communications from Crystal explaining account activity.

Item 14 – Client Referrals and Other Compensation

Crystal has not entered into arrangements with any third-party firm to solicit or refer Clients.

Item 15 – Custody

Assets are held at independent qualified custodians selected by Clients. Crystal ensures that all Clients receive at least a quarterly account statement directly from their custodian(s). In addition, as mentioned previously, Crystal provides advance invoices for the advisory fees allowing Clients to review the fee prior to it being debited from the account.

Item 16 – Investment Discretion

We are exclusively retained to manage accounts on a discretionary basis. Within a Client's specified investment objectives and guidelines, we determine which securities are bought or sold, the total amount of securities to be bought or sold, the broker through which the securities are to be bought or sold and the commission rates to be paid, without consultation with the Client. In exercising our investment discretion, we work to the investment policies and restrictions that are established at the inception of the relationship (as amended from time to time). The guidelines and/or offering documents cover matters such as the types and amounts of securities that will comprise the portfolio.

In certain circumstances, some Clients may also restrict certain securities from being purchased for their account.

Item 17 – Voting Client Securities

Crystal does not vote proxies for client accounts. Clients should arrange to have any proxy materials received by the custodian to be sent to the Client for instructions.

Item 18 – Financial Information

We do not have any adverse financial information to disclose.