

Item 1 – Cover Page

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This Brochure provides information about the qualifications and business practices of Everett Harris & Co. (“Everett Harris”). If you have any questions about the contents of this Brochure, please contact us at 213-625-2677. 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.

Everett Harris is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. Additional information about Everett Harris also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Everett Harris is required to notify clients of any information that has changed since the last annual update of the Firm Brochure (“Brochure”) that may be important to them. Clients can request a full copy of our Brochure or contact us with any questions that they may have about the changes.

Since Everett Harris’ last annual amendment filing on 03/10/2022, our firm has no material changes to disclose.

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## Item 4 – Advisory Business

Everett Harris is dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Everett Harris was founded in 1937 and its ownership is shared among its employees.

As a fiduciary, it is our duty to always act in the client's best interest. This is accomplished in part by knowing our client. Everett Harris has established a service-oriented advisory practice with open lines of communication for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons.

Everett Harris provides clients with "investment management services" on a discretionary and non-discretionary basis, which include:

- determining investment needs, risk tolerance, and financial objectives
- structuring investment portfolios compatible with a client's objectives and total financial circumstances
- implementing portfolio strategy when such responsibility is delegated by the client
- recording of portfolio details for the benefit of the client

Everett Harris manages client assets based on each client's investment objectives, risk tolerance, financial objectives and any reasonable restrictions imposed by each client. Clients are responsible for informing Everett Harris of any changes to their investment objectives, individual needs and/or restrictions. Everett Harris does not assume any responsibility for the accuracy of the information provided by the client.

If a client's account is a pension or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), Everett Harris acknowledges that it is a fiduciary to the plan under Section 3(21) of ERISA. In providing its services, the sole standard of care imposed upon Everett Harris is to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

As of December 31, 2022, Everett Harris managed \$8,360,659,357 in discretionary assets and \$366,151,561 in non-discretionary assets.

## Item 5 – Fees and Compensation

The maximum annual fee charged will not exceed 0.75%. Occasionally, flat fees are charged not to exceed the equivalent of 0.75%. Fees to be assessed will be outlined in the client's written agreement with Everett Harris. Annualized fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter. Everett Harris does not make adjustments for deposits and withdrawals made during the quarter. Fees are negotiable and clients may choose to have advisory fees deducted from their account(s) or be directly invoiced. Further, it is important to note that Everett Harris will assess advisory fees on cash and cash equivalents held in client accounts.

As part of this process, Clients understand the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to Everett Harris; and
- b) Clients will provide authorization permitting Everett Harris to be directly paid by these terms. Everett Harris will send an invoice directly to the custodian.
- c) If our firm sends a copy of our invoice to the client, a legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

Clients may incur transaction fees for trades executed by their chosen custodian, either based on a percentage of the dollar amount of assets in the account(s) or via individual transaction charges. These transaction fees are separate from Everett Harris' advisory fees and will be disclosed by the custodian.

Clients may also pay other fees imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Everett Harris does not receive any of these fees.

Item 12 further describes the factors that Everett Harris considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

Either party may terminate the advisory agreement signed with Everett Harris in writing at any time. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Neither Everett Harris nor its representatives sell securities for a commission in advisory accounts.

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

Everett Harris does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Item 7 – Types of Clients**

Everett Harris provides portfolio management services to high net worth individuals, corporations, pension and profit-sharing plans, charitable institutions, foundations, endowments, and other U.S. institutions.

In most cases, new clients will be required to maintain combined billable assets under management of at least \$2 million in their accounts managed by Everett Harris & Co.

There may be times when certain restrictions are placed by a client, which prevents Everett Harris from accepting or continuing to manage the account. Everett Harris reserves the right to not accept and/or terminate management of a client's account if the client-imposed restrictions would limit or prevent Everett Harris from meeting and/or maintaining its investment strategy.

Prior to entering into an investment management agreement with Everett Harris, a client should carefully consider: 1) committing to management only those assets that the client believes will not be needed for current cash-flow needs and that can be invested on a long- term basis, usually a minimum of five to seven years, 2) that volatility from investing in the stock market can occur, and 3) that over time the client's assets may fluctuate and at anytime be worth more or less than the amount invested.

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

## **Investment Strategies We Use and Preferred Securities**

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Everett Harris uses a variety of securities when investing clients' assets, including but not limited to U.S. and foreign equity securities, commodities, fixed income securities and options. Investing in securities involves risk of loss that clients should be prepared to bear.

Everett Harris applies fundamental analysis when selecting and monitoring securities. The research process includes the review of financial statements and the construction of internal financial models and forecasts. Qualitative methodologies are also applied: the competitive landscape and macroeconomic environment are considered, as well as analyst discussions with company representatives and analyst perceptions from occasional company visits. Furthermore, Everett Harris supplements its own internal research with independent third party research. The investment strategy is buy and hold, and generally fixed income securities are held until maturity or until called. Everett Harris primarily invests in government and high quality corporate bonds, but will, on rare occasion, invest in high yield bonds.

Once a security has passed the screening and research process, it is discussed during a weekly investment team meeting. Everett Harris maintains a frequently updated model portfolio, which contains a list of equities recommended for purchase and their target percentages. However, because each client's objectives and tax situation may vary, for each client the model portfolio is adjusted at the time of implementation to consider these factors. As a result, no two portfolios may look the same.

## **Risk of Loss**

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Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and the account(s) could enjoy a gain, it is also possible that the stock market may decrease and the account(s) could suffer a loss. It is important that clients understand the risks associated with investing in the stock market, and that their assets are appropriately diversified in investments. Clients are encouraged to ask our firm any questions regarding their risk tolerance.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Everett Harris or the integrity of Everett Harris' management. Everett Harris has no information applicable to this Item.

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

Neither Everett Harris nor any of its management persons have other financial industry

activities or affiliations which require reporting under this Item.

### **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Everett Harris' fiduciary duty is the underlying principle for its Code of Ethics, which includes procedures for personal securities transaction and insider trading. Everett Harris requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with Everett Harris, and at least annually thereafter, all representatives of Everett Harris will acknowledge receipt, understanding and compliance with Everett Harris's Code of Ethics. Everett Harris and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of Everett Harris' Code of Ethics. If a client or a potential client wishes to review the Code of Ethics in its entirety, a copy will be provided promptly upon request.

Everett Harris recognizes that the personal investment transactions of our representatives demands the application of a Code of Ethics with high standards and requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, Everett Harris also believes that if investment goals are similar for clients and for our representatives, it is logical, and even desirable, that there be common ownership of some securities.

In order to prevent conflicts of interest, Everett Harris has established procedures for transactions effected by our representatives for their personal accounts. In order to monitor compliance with Everett Harris' personal trading policy, Everett Harris has pre-clearance requirements and a quarterly securities transaction reporting system for all of our representatives.

Neither Everett Harris nor a related person recommends, buys or sells for client accounts, securities in which Everett Harris or a related person has a material financial interest without prior disclosure to the client.

Related persons of Everett Harris may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, related persons will place client interests ahead of their own interests and adhere to Everett Harris' Code of Ethics, a copy of which is available upon request.



Likewise, related persons of Everett Harris buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, related persons will place client interests ahead of their own interests and adhere to Everett Harris' Code of Ethics, a copy of which is available upon request. Further, related persons will refrain from buying or selling the same securities prior to buying or selling for clients in the same day unless included in a block trade.

## **Item 12 – Brokerage Practices**

As a matter of policy and practice, Everett Harris seeks best execution of trades for clients. The firm's overriding objective in the selection of broker-dealers is to seek to obtain best price and execution. Best net price, giving effect to brokerage commission and other transaction costs, is an important factor in this decision, but other factors may also influence the decision. These include, but are not limited to: the nature of the security being traded, size and timing of the trade, market activity, the broker/dealer's execution, clearance and settlement capability and financial stability, and whether the broker/dealer provides research to Everett Harris.

In circumstances where Everett Harris is directed to execute all or a portion of client transactions through a specific broker (a.k.a. "directed brokerage"), the client should understand that: (1) Everett Harris does not negotiate specific brokerage commission rates with the broker on the client's behalf, or seek better execution services or prices from other broker/dealers and, as a result, the client may pay higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case, (2) transactions for that account generally will be effected independently unless Everett Harris decides to purchase or sell the same security for several clients at approximately the same time (block trade), in which case Everett Harris may include such client's transaction with that of other clients for execution by the same broker. If transactions are not able to be traded as a block, Everett Harris may have to enter the transactions for the client's account after orders for other clients, with the result that market movements may work against the client, and (3) conflicts may arise between the client's interest in receiving best execution with respect to transactions effected for the account and Everett Harris's interest in receiving future client referrals from the broker.

Therefore, prior to directing Everett Harris to use a specific broker-dealer, a client should consider whether, under that restriction, execution, clearance and settlement capabilities, commission expenses and whatever amount is allocated to custodian fees, if applicable, would be comparable to those otherwise obtainable. Clients should understand that they might not obtain commissions rates as low as they might otherwise obtain if Everett Harris had discretion to select other broker-dealers.

All directed brokerage arrangements must be provided to Everett Harris in writing by the client. A client must also notify Everett Harris in writing if the client decides to terminate the directed brokerage arrangement.

### **Item 13 – Review of Accounts**

Each portfolio is reviewed on an ongoing basis by the lead Portfolio Manager and at least quarterly by the full Investment Committee. Each Portfolio Manager is responsible for differing number of accounts based on his/her length of time at the firm. The group makes decisions regarding action to be taken on each account. The review process is based on a variety of factors, which may include but not be limited to: investment strategy, economic environment, outlook for the securities markets, a client's view on general economic conditions or a specific stock, and the merits of the securities in which the accounts are invested. In addition, a special review of an account may be triggered by one or more of the following: 1) a change in the client's investment objectives, guidelines and/or financial situation communicated by the client, 2) change in strategy or diversification, 3) tax considerations, 4) cash added or withdrawn from an account, 5) purchase or sale of a security in an account, and 6) if requested by a client. Each counselor at Everett Harris & Co. generally has a working knowledge of all the accounts.

Accounts are maintained using a portfolio management system that, for the vast majority of accounts, receives daily electronic feeds containing transaction and price information from multiple custodians. The few accounts for which no electronic feed is available are reconciled manually. Within a few days after a month's end, current schedules of portfolios are available for review. In the event of unusual occurrences with respect to individual issues, the system will reflect which account(s) hold the issue so proper action can be communicated promptly to the account(s) involved. Clients also receive periodic (at least quarterly) account statements from their custodians.

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

Our firm does not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with relevant state statutes and rules.

## Item 15 – Custody

### Direct Fee Debiting

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While Everett Harris does not maintain physical custody of client assets (which are maintained by a qualified custodian, as discussed above), Everett Harris is deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts. All clients receive account statements directly from their qualified custodian(s) at least quarterly upon opening of an account. Everett Harris urges clients to carefully review these statements. Additionally, if our firm decides to send its own account statements to clients, such statements will include a legend that recommends the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

### Standing Letters of Authorization

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On February 21, 2017, the SEC issued a no-action letter (“Letter”) with respect to Rule 206(4)-2 (“Custody Rule”) under the Investment Advisers Act of 1940 (“Advisers Act”). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of authorization (“SLOA”) is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client’s qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client’s instruction.
- The investment adviser maintains records showing that the third party is not a

related party of the investment adviser or located at the same address as the investment adviser.

- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## **Item 16 – Investment Discretion**

Everett Harris usually receives discretionary authority from the client at the beginning of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, Everett Harris observes the investment policies, limitations and restrictions of the clients for whom it advises. Investment guidelines and restrictions must be provided to Everett Harris in writing.

## **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, Everett Harris does not have any authority to vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Everett Harris may provide advice to clients regarding the clients' voting of proxies. In the case of ERISA plan clients, Everett Harris, as an ERISA fiduciary, will require that the ERISA plan documents associated with the plan account allow for a named fiduciary, other than Everett Harris, to vote the plan account proxies. Everett Harris shall not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. Proxies issued on securities held by a registered investment company (i.e. mutual fund) are generally voted by the investment adviser that manages the assets of the mutual fund.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Everett Harris' financial condition. Everett Harris has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding. Furthermore, our firm does not require nor does it solicit prepayments for more than \$1,200 in fees per client, 6 months or more in advance. As such, per SEC rule, our firm is not required to include a balance sheet for our most recent fiscal year.