



## **ITEM 1 COVER PAGE**

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3-5-2012

**This brochure provides information about the qualifications and business practices of Ottaviano & Associates, LLC. If you have any questions about the contents of this brochure, please contact us at either phone number above or [cottaviano@intl-teacherinvest.com](mailto:cottaviano@intl-teacherinvest.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 Ottaviano & Associates, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Ottaviano & Associates, LLC is a Registered Investment Advisor with the Securities and Exchange Commission (SEC). Please note that registration does not imply a certain level of skill or training.**

## **ITEM 2 MATERIAL CHANGES**

Since the update to this brochure in February of 2011, Ottaviano & Associates, LLC has not made any material changes. Catherine Ottaviano, the firm principal, in late 2010 began an outside business activity and continues it in 2012. This activity is conducted outside of normal US market business hours. She consults as a school counselor for a private school in Romania. These are the only material changes to the business since our last annual update. Catherine no longer holds a NC insurance license and can no longer

sell insurance products to fit her client needs. She will refer any such recommendations in the future to another licensed professional.

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- b. Civil, SRO or administrative proceedings
- E. Do we have any relationships with an issuer of securities

## **ITEM 4**

### **ADVISORY BUSINESS**

A. Description of our business Ottaviano & Associates, LLC (“O&A”) has been a Registered Investment Advisor since 2010. Catherine Ottaviano owns it 100%.

B. Description of advisory services we offer O&A has always been a small firm specializing in financial planning and managing client portfolios, primarily those of international educators.

Financial planning includes tax planning, insurance planning, retirement planning and estate planning. Financial planning services may include consultations and/or written financial plans, which analyze your financial situation and makes appropriate recommendations for strategies and methods of implementation of the strategies.

NOTE: A conflict exists between the interests of the investment advisor and the interests of the clients and; the client is under no obligation to act upon the investment advisor’s recommendations and; if the client elects to act upon any of the recommendations, the client is under no obligation to affect the transaction through the investment advisor.

When managing client portfolios, we will take under consideration clients’ financial personal situation, which includes employment status, cash reserves, retirement account values, current age, anticipated retirement date, other sources of income as well as their personal tolerance for risk and volatility. With this information, we will assist clients with developing an appropriate investment strategy. We will monitor and adjust the client portfolios in accordance with the agreed upon investment strategy.

In managing client portfolios, we utilize 2 methods.

When we manage your accounts, we use only general securities (stocks & bonds), mutual funds (including exchange traded funds or ETFs), government securities and options.

If you want to invest in what are being called “alternative investments” such as commodities, managed futures, private equity, currency or hedge funds, we will help you select and monitor other money managers investing in alternative investments. We have chosen the other money managers based on their relative costs, skills, reputation, dependability and compatibility with our clients, and NOT upon any financial arrangement between O&A or Catherine Ottaviano, other than they split the fee they charge you with us. It is basically a referral fee. (Please refer to Item 11-D)

C. If, or how we tailor our advisory services to your individual needs All of our clients are different, so we tailor our services to meet your needs by consultations to discover your individual hopes, goals and dreams. Then we analyze your current investments and make suggestions how to meet your individual hopes, goals and dreams. Of course, you may impose restrictions on investing in certain securities or types of securities. It is your portfolio, after all. (Please refer to Item 16.)

D. Wrap fee programs O&A does not participate in wrap-fee programs.

E. Amount of assets we manage As of February, 2012, O&A managed approximately \$3,000,000 on a discretionary basis. This does not include any funds with other money managers.

## **ITEM 5 FEES & COMPENSATION**

A. How we are compensated Financial planning fees have 2 components. The negotiable hourly fee is up to \$150/hour and is paid after the consultations.

Written financial plan fees range from \$200 to \$2,000, depending on the complexity of your financial situation. Half the negotiable fee is due in advance, the rest upon presentation of the plan, which will always be well within 6 months of our engagement. If you cancel, any prepaid fees will be refunded on a pro-rated basis.

Managed money fees also have 2 components. If we manage your money, the annual negotiable fee for doing so ranges from ½ of 1% to 2%, depending on the size and complexity of your account. The fee is paid quarterly, at the *end* of each quarter.

If we help you select other money managers and we monitor them for you, the other money managers pay us a portion of the fees generated by you. You do not directly pay for this service. (For an explanation of the other money managers' fee and services, please refer to their Form ADVs and other materials, available from us.)

NOTE: Lower fees for comparable services may be available from other sources.

B. How our fees are paid With your signed permission on a Limited Power of Attorney, we can have your custodian withdraw our fees for managing your account at the end of each quarter. We recommend that method. Or you may choose to have us bill you at the end of each quarter. It's your choice. Hourly fees are billed at the end of the month they were incurred. For written financial plans, half the fee is payable in advance, the rest upon presentation of the plan. (If you cancel, please see "D" below.)

C. Other types of fees Our fees do not include transaction fees, brokerage commissions and other related costs and expenses, which you will pay. You may also pay fees charged by your custodian, mutual funds and other money managers, including: management fees,

custodial fees, mutual fund fees, taxes and transfer fees. We do not receive a portion of any of these fees. Simply put, they are a necessary part of doing business in the securities industry. And please remember that by not charging securities sales commissions, we are keeping your out-of-pocket expenses as low as we possibly can. (Please refer to item 12.)

D. Do we charge in advance We charge only one fee in advance. If we prepare a written financial plan for you, half the fee is due in advance, the rest upon presentation of the plan, which will always be within 6 months of our engagement. If you cancel within 5 business days, you'll get a 100% refund of all written financial planning fees. If you cancel after we have done over half the plan, no refund will be paid. If you cancel after 5 business days and before half the plan is finished, how much of the written financial plan that is actually completed when you cancel will depend on what percentage of the proposed chapters is completed. For example, if there are 10 chapters to be done, and we've completed 3, you'll get a 70% refund.

E. Do we get compensated (commissions) for the sales of securities No one at O&A accepts commissions or any other form of compensation for *selling* you securities or other investment products. No one at O&A has a securities license. We can earn insurance commissions, however.

## **ITEM 6**

### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Inapplicable

## **ITEM 7**

### **TYPES OF CLIENTS**

Most of our clients are individuals; many are high net worth individuals. We also have business & corporations, charities and small pension clients.

The Firm does not impose any requirements on the minimum account size for opening or maintaining an account.

## **ITEM 8**

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

A. Our analysis & strategies We don't do technical security analysis. We do fundamental security analysis of a business, which involves analyzing its financial statements &

health, its management & competitive advantages, and its competitors & markets. Fundamental analysis is performed on historical & present data, but with the goal of making financial forecasts, including stock price evolution, projection of business performance, management evaluations and credit risks.

We primarily read financial newspapers and magazines, including “The Wall Street Journal”, “Financial Times”, and “The Economist”,

We also study corporate and mutual fund rating services such as “Standard & Poors” and Morningstar.

We have several on-line resources, including Agora Financial Publications, and The Elliott Wave International Newsletters.

*YOU SHOULD BE AWARE THAT INVESTING IN SECURITIES INVOLVES RISK OF LOSS THAT YOU SHOULD BE PREPARED TO BEAR. THE FIRST DECADE OF THE 21<sup>ST</sup> CENTURY SHOULD HAVE PROVEN THAT.*

B. Material risks involved in our analysis or strategies We feel our investment strategy is fairly conservative and we don’t believe it involves significant or unusual risks. For example, we do not engage in frequent trading of securities as that can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

C. Do we recommend primarily a particular type of security As mentioned earlier, we place client accounts in general securities (stocks, ETF’s & bonds), mutual funds, government securities and options, none of which are customarily considered to involve significant or unusual risk. But, as noted above, investing in securities ALWAYS INVOLVES RISKS.

## **ITEM 9 DISCIPLINARY INFORMATION**

A. Criminal or civil actions Inapplicable

B. Administrative proceeding before The SEC or any other government agency

Inapplicable

C. Any self- regulatory organization (SRO) proceedings Inapplicable

**ITEM 10**  
**OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

A. Are we registered representatives of a securities broker/dealer No one at O&A is or will ever be a securities broker/dealer or a securities registered representative.

B. Are we a futures commission merchant, commodity pool operator or a commodity trading advisor No one at O&A is or ever will be a futures commission merchant, a commodity pool operator or a commodity trading advisor or an associated person of the above-mentioned 3 entities.

C. Do we have any other financial relationships or arrangements that are material to our business No.

D. Do we recommend other registered investment advisors and receive compensation As noted in Item 5, on occasion, O&A recommends a few other money managers to our clients. They are firms that specialize in investments we do not manage, primarily “alternative investments” like commodities or currency. This helps diversify your investments. We have chosen the other money managers based on their relative costs, skills, reputation, dependability and compatibility with our clients, and NOT upon any financial arrangement between O&A or Catherine Ottaviano, other than they split the fee they charge you with us. It is basically a referral fee. (Please refer to Item 11-D.)

**ITEM 11**  
**CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT  
TRANSACTIONS AND PERSONAL TRADING**

A. Describe our Code Of Ethics Our Code of Ethics establishes ideals for ethical conduct based upon fundamental principles of openness, integrity & trust. It ensures that we always put your interests first. We hold ourselves to high standards and diligence. Taken as a whole, our Code of Ethics is our promise to work hard in your interests, with complete confidentiality and honesty. We will immediately provide a copy of our Code of Ethics to any client or prospective client upon request.

B. Do we have any material financial interests in investments we recommend We will not recommend an investment to you in which we have a material financial interest. We do not act as a principal and buy securities from, or sell securities to clients. We are not general partners in a partnership so we will not solicit your investments for such. We are not investment advisors to any investment company, so we will not solicit your



investments for such. Our only financial affiliation is Catherine's insurance license, as disclosed before.

C. Do we invest in securities we recommend to you On occasion, we may buy or sell securities we recommend to you. We have found over the years that clients like to invest in the same investments we do. That makes sense. If we like it for ourselves, why shouldn't our clients like it too, always depending on their investment goals, objectives and time frame. When we recommend investments we hold ourselves, we'll always disclose to you what we own and how much we own. (As an aside, we've seen that some salespeople tell clients that they own the same thing they are recommending, but it's often a minimal amount. We find that to be very deceptive.) We feel that there is just a tiny conflict of interest in owning the same securities as we recommend to you because the securities we recommend are widely held and publicly traded and we are too small advisors/investors to affect the market in widely held and publicly traded securities.

D. Do we buy or sell securities about the same time as you No. In addition, we do not allow "front running" (buying or selling before you), or buying or selling securities contemporaneously with you. And since the fees the other money managers charge vary somewhat, we cannot detail them here. Their fees will be fully disclosed when we describe money managers we feel would be appropriate for you. However, their fees (which include our portion of the fee) will never exceed 2% per year. (Please refer to Item 10-D.)

## **ITEM 12 BROKERAGE PRACTICES**

A. Describe the factors we used in selecting a custodian for you We have selected a custodian based on its:

- Costs: Among the best in the world of custodians
- Skills: Very few mistakes so far
- Reputation: Other RIAs that use them have sworn by them. That's real important.
- Dependability: Rarely a problem
- Compatibility with you: This custodian deals mainly with small RIAs like us.

1. Soft dollars We don't participate in "soft dollars". It is difficult to define, but a good example would be if a custodian offered us research or other benefits to place our clients with them.

2. Brokerage for client referrals We don't participate in "brokerage for client referrals". By that we mean we haven't selected our custodian on the basis that it will send us other client referrals in exchange for your custodial business.

3. Directed brokerage We don't participate in "directed brokerage". That means we don't recommend, request or require that you direct us to execute transactions through a specified broker/dealer. If we did it, we may be unable to achieve favorable execution of trades and it would cost you money.

B. Aggregating client accounts We rarely have the opportunity to "aggregate" the purchase or sale of securities for you. We're just a small RIA that doesn't buy or sell securities very often (a practice which saves you money). More importantly, all our clients are different in age, size of portfolio, wants & needs and risk taking, so there is very little overlap in our client portfolios.

## **ITEM 13 REVIEW OF ACCOUNTS**

A. Frequency & nature of reviews We review managed accounts weekly. We review financial planning accounts annually. Accounts at other money managers are reviewed when we receive their statements- usually quarterly. All accounts are reviewed by O&A's president- Catherine Ottaviano. She reviews on a portfolio analysis basis.

B. Reviews on an other than periodic basis On occasions, such as a dramatic market move (in either direction), retirement or any catastrophe, we review client accounts to ascertain if we need to make appropriate repositioning moves for you.

C. Client reports We do not prepare regular client *reports*. At the end of each quarter we receive a computerized invoice from your custodian detailing your quarterly activity. We then review the invoice and check the calculations. If all is in order we hit "submit" and your fees to us are deducted. Your custodian sends you account statements, transaction confirmations, all applicable tax documents, required minimum distributions from any qualified plans, and proxy documents, including ballots and any communication from public companies. In addition, you also receive statements from any mutual funds you may own and other money managers you may utilize.

## **ITEM 14**

## CLIENT REFERRALS AND OTHER COMPENSATION

A. Do we get economic benefits from a non-client for providing certain advice to you No. In addition, we do not accept sales awards or other prizes, such as trips. We pay for our own trips.

B. Do we pay for client referrals We do not *pay* for client referrals. We do *get paid* for client referrals, when we recommend other money managers to you in order to increase your portfolio diversification. (Please refer to item 10-D.)

## ITEM 15 CUSTODY

Inapplicable

## ITEM 16 INVESTMENT DISCRETION

We manage your accounts on a discretionary basis, although some clients prefer non-discretionary accounts. That is your choice. And it doesn't matter to us. We are a firm built on *relationships* not *transactions*. As a small RIA we don't trade your accounts very often, so it is not difficult to check with you before we make any buys or sells in your account.

If you do authorize us to use discretion on your account, you may tell us any limitations you'd want on your account. For example, several clients prefer that we not invest in gambling, tobacco or alcohol-based securities. We will, of course, abide with your wishes.

In order for you to have an account with us, we must first have you authorize it with a Limited Power of Attorney, which your custodian provides to you. Before executing the power of attorney, the custodian insures that your signed contract with us authorizes us to have certain privileges and these are then initialed on your new account form. You may authorize us to open the account, authorize us to manage your account with discretion or not, authorize us to receive duplicate confirmations & statements and authorize the custodian to deduct our fees from your account.

**ITEM 17**  
**VOTING *CLIENT* SECURITIES**

- A. Do we accept authority to vote client securities We do not vote client securities
- B. If we do not have that authority, disclose that fact We do not have the authority to vote client securities. You will receive your proxies or other solicitations directly from your custodian and we encourage you to discuss them with your legal representatives as we not in a position to answer any of your questions regarding proxies.

**ITEM 18**  
**FINANCIAL INFORMATION**

- A. Do we require prepayment of fees of more than \$500/ more than 6 months in advance No, we never charge more than \$500 more than 6 months in advance.
- B. If we require such prepayment, or have custody or discretion, is there any impairment for us to make a refund, if necessary Since we may have discretionary authority (but not custody) of your funds and/or securities, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to you. We have an unaudited balance sheet we can give you as well as bank references that clearly show that we do not have any financial commitments that will impair our ability to meet our contractual conditions for all our clients.
- C. Bankruptcy Neither Catherine Ottaviano nor Ottaviano & Associates, LLC has ever filed for bankruptcy. (Please refer to the proceeding paragraph.)

**ITEM 19**

## **REQUIREMENTS FOR STATE REGISTERED ADVISORS**

**Ottaviano & Associates, LLC is an SEC Registered Advisory Firm, not subject to the requirements of state registered advisors, due to the firm's location outside of the United States. We prefer, however, to disclose the below information**

A. My education & business background Principal Officer of Ottaviano & Associates, LLC is Catherine Ottaviano.

Catherine Auffenorde Ottaviano- President- was born in 1951. She has a BA in psychology from Grove City College (1973), MA in psychology from Montclair State University (1981), MA in counseling from East Carolina University (1999) and CFP\* designation (1992). During the past 2 years, Catherine has been president of Ottaviano & Associates, LLC and during the 5 years previous to this was a securities registered representative and an investment advisor representative with Raymond James Financial Services (2003 to 2009). Cathy has never had any legal or disciplinary events.

B. Any other business activities Cathy has other business activities:

In late 2010, Cathy began consulting as a school counselor for a private school in Romania. That profession takes up about 40% of her workweek and is salaried. It does not interfere with the hours when the US markets are open.

C. Performance-based fees O&A does not charge performance-based fees.

D-1. Arbitration Catherine Ottaviano has not ever been involved in *arbitration* of any kind.

D-2. Civil or administrative proceedings Catherine Ottaviano has never been found liable in a *civil, self-regulatory organization, or administrative proceeding* of any kind.

E. Relationship with issuer of securities We do not have any relationships with issuers of securities

\*Catherine Ottaviano received her CFP designation in 1992. At that time a candidate was required to pass 5 tests on 5 different financial planning topics. In addition, 2 years of relevant experience were required. Lately the rules have changed and I think the experience requirement is up to 3 years and there is one full-day exam. Plus, a college degree is now required.

Catherine is required to complete 30 hours of continuing education every two years, including a class on CFP's Code of Ethics.