

Firm Brochure

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This brochure provides information about the qualifications and business practices of Collega Capital Management, S.R.L. If you have any questions about the contents of this brochure, please contact Luis Veras at luisveras@collegacapital.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 Collega Capital Management, S.R.L. is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

Since this is Collega Capital Management's initial firm disclosure brochure for SEC registration, there are no material changes to report

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Advisory Business

Collega Capital Management, S.R.L. is a limited liability company (Sociedad de Riesgo Limitado), registered under the laws and regulations of the Dominican Republic. The firm has existed since January 2005 as ESI Financial Consulting, and it changed its name to Collega Capital Management on January 2012. Its founder and principal owner, Luis A. Veras, has over twelve years of experience in global financial markets. As of March 31, 2012, the firm had \$121,790,000 of assets under management, of which \$7,900,000 are managed on a discretionary basis and \$113,890,000 are managed on a non-discretionary basis.

Collega Capital Management provides financial advisory, consulting, and investment management services. In addition, it may include non-investment, corporate finance and tax related matters, as well as multi-generational education, family continuity planning, and estate planning. Collectively, these services are offered as a Wealth Management package.

The services provided are tailored for each client, and are dependent on an Investment Policy Statement (IPS), which is developed by the firm based on its evaluation of the client's return objectives, risk tolerance, time horizon, liquidity needs, legal and tax situation, as well as any unique circumstances that may warrant special attention. The IPS is built based on information provided by the client and by the client's other service providers (e.g. attorneys, accountants, other advisors) as instructed by the client. Collega Capital Management is expressly authorized to rely on this information. Clients are advised that it remains their responsibility to promptly notify the firm if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Collega's previous recommendations and/or services. The client may impose restrictions on investing in certain securities or types of securities. The client retains absolute discretion over all investment decisions, is free to accept or reject any of Collega's recommendations, and is capable of overriding Collega's decisions, even on those funds that are managed on a discretionary basis by the firm.

Fees and Compensation

Collega Capital Management offers its services on a fee only basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management.

For a comprehensive wealth management package, the firm charges 0.30% of the market value of managed assets, with an annual minimum fee of \$15,000 per client. For clients with over \$10,000,000 assets under management, this fee may be negotiable.

For a non-comprehensive service package, fixed compensation is agreed upon depending on the scope of services to be provided. This fixed compensation is to be consistent with the firm's hourly rate basis which ranges from \$75 to \$125.

Clients are billed on a monthly basis, although they may request to submit payment on a quarterly basis, which is subject to approval by Collega Capital Management. Fees

Clients may incur on brokerage fees, transaction costs and additional charges which are imposed by other service providers such as Financial Institutions, custodians, brokers, fund managers, attorneys, accountants and other advisors (please see the "Brokerage Practices" section of this brochure for more details). Such third-party service providers may have a pre-existing relationship with the client, or they may have been recommended by Collega Capital Management. The firm does not receive monetary compensation in connection with any such recommendations, therefore the relationship is free from the conflicts inherent to commission-based business arrangements.

The *service agreement* between the firm and the client will continue in effect until terminated by either party pursuant to the terms of the *agreement*. Collega's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Performance-Based Fees and Side-By-Side Management

Collega Capital Management, S.R.L. does not charge any performance-based fees. As a result, there is no side-by-side account management.

Types of Clients

Collega Capital Management, S.R.L. provides its services to individuals, families, estates, corporations and business entities.

There is no minimum account size, however there is a minimum annual fee which is imposed regardless of the amount of assets under management. This minimum does not apply to services rendered on an hourly fee.

Methods of Analysis, Investment Strategies and Risk of Loss

Collega Capital Management implements a highly disciplined, multi-step approach that seeks to go beyond the bounds of traditional asset allocation decisions. The investment process begins with the development of the client relationship. The firm believes that knowing the client and defining specific objectives permits flexibility with later rebalancing and adjustments in response to changing market conditions, stated objectives, and/or the performance of each individual investment strategy.

During the initial phase of the relationship, Collega seeks to determine the client's:

- Needs, goals and objectives
- Time horizons
- Risk tolerance
- Liquidity requirements and constraints
- Special legal or regulatory concerns
- Overall risk / reward parameters
- Income, estate, gift tax issues

These initial discovery efforts are used to design an Investment Policy Statement (IPS), which serves as the future client or family office road map, use to delineate the path to be taken to achieve the ultimate goals and objectives of all the parties involved.

Collega's risk management efforts begin with the construction and implementation of a strategic asset allocation model which allows for tactical/cyclical deviations that reflect short-term assessment on current market conditions. The firm seeks to develop core positions in those traditional asset classes – i.e., global equities and fixed income – with active satellite tactical positions which are designed to seek alpha in those markets in which the firm believes there are inefficiencies to be captured. Collega Capital Management quantifies risk at the aggregate portfolio level, taking into account cross-correlations of assets within the portfolio while stress testing the portfolio for unforeseen “Black Swan” events when the firm experiences correlation breakdowns and the corresponding reduction of Modern Portfolio Theory diversification benefits.

Once portfolios are constructed and capital is deployed, Collega monitors the portfolio and the underlying investments on a continuous basis, rebalances when and as needed to assure the portfolio is within the risk parameters mandated by the client, and periodically reports results to client in the frequency the client wishes using customized reports that suit each client's needs. These rebalancing practices are based on market valuations, tactical exploitation of short term market conditions, and deviations to client needs or circumstances.

The profitability of a significant portion of Collega's recommendations depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that the firm will be able to predict those price movements accurately. Investing in securities involves the risk of loss. Clients should both be willing and capable to accept such risk.

Disciplinary Information

Collega Capital Management, S.R.L. is required to disclose the facts of any legal or disciplinary events in which it has been involved. The firm has no events to report that would be material to a client's or prospective client's evaluation of Collega's advisory business or the integrity of its management.

Other Financial Industry Activities and Affiliations

Collega Capital Management, S.R.L. is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Collega does not have any required disclosures to this Item.

Code of Ethics

Given the fact that Collega's principal and founder, Luis A. Veras is a CFA Institute Member and a CFA Level III Candidate, the firm has adopted CFA Institute's Code of Ethics, as well as CFA Institute's Asset Manager Code of Professional Conduct. An excerpt of the Code of Ethics follows:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- Place the integrity of the investment profession and the interests of clients above their own personal interests.
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on ourselves and the profession.
- Promote the integrity of, and uphold the rules governing, capital markets.
- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

For a complete copy of the Code of Ethics and Code of Professional Conduct, clients and prospective clients may request a copy from the firm.

Brokerage Practices

Collega Capital Management may recommend clients to utilize the brokerage and clearing services of a qualified broker-dealer. Factors which the firm considers in recommending a qualified broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by the broker-dealer recommended by Collega may be higher or lower than those charged by other Financial Institutions. The commissions paid by Collega's clients comply with the firm's duty to obtain "best execution". The latter may not necessarily mean lowest fees, rather the best combination of service and fees, for an optimal cost-benefit trade-off. Reasons for recommending the services of institutions that charge higher commission fees might include: better service, execution capability, broader access to capital markets, high quality research among other considerations.

In the interest of providing the client with the best service possible, brokerage transactions may be directed to certain broker-dealers in exchange for investment research products and/or services which assist Collega Capital Management in its investment decision-making process. Such research generally will be used to service all of Collega's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services may pose a conflict of interest because the firm would not have to produce or pay for such research products and/or services.

Review of Accounts

For those clients to whom Collega Capital Management provides ongoing investment management services, the firm monitors those portfolios as part of a permanent process while regular account reviews are conducted on at least a monthly basis. Every client's Investment Policy Statement (IPS) is reviewed on an annual basis.

Any and all reviews are conducted by the firm's principal, Luis A. Veras. Clients are provided with a written quarterly report which includes relevant account and/or market-related information such as a list of account holdings and account performance on a quarterly basis

For those clients to whom Collega provides incidental financial advisory, reviews are conducted and reports are presented on an "as needed" basis, or as agreed upon in the client agreement.

Client Referrals and Other Compensation

Collega Capital Management, S.R.L. is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, the firm is required to disclose any direct or indirect compensation that it provides for client referrals. Collega does not have any required disclosures in response to this Item.

Custody

Collega Capital Management, S.R.L. is not a custodian. Client assets are held in custody by qualified custodians (banks, brokerage houses or other Financial Institutions) in accounts held under the client's name. Clients will receive account statements directly from the Financial Institutions, and compare them to any reports received from Collega.

Investment Discretion

Collega Capital Management, S.R.L. may manage assets on a discretionary or non-discretionary basis, as agreed upon with the client.

For those assets managed on a discretionary basis, Collega retains the authority to exercise discretion on behalf of clients. Collega is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Collega Capital Management is given this authority through a power-of-attorney included in the agreement between the firm and the client. Clients may request limitations on this authority as deemed necessary. Collega takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The Financial Institutions to be utilized; and
- The Independent Managers to be hired or fired.

Voting Client Securities

Collega Capital Management, S.R.L. is required to disclose if it accepts authority to vote client securities. Collega does not vote client securities on behalf of its clients.

Financial Information

Collega Capital Management, S.R.L. does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, the firm is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Collega has no disclosures pursuant to this Item.