

BLX Group LLC

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Form ADV, Part 2A

This Brochure provides information about the qualifications and business practices of BLX Group LLC. If you have any questions about the contents of this Brochure, please contact us at 213-612-2200 or robertson@blxgroup.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 BLX Group LLC is also available on the SEC's website at www.adviserinfo.sec.gov. BLX Group LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

MATERIAL CHANGES

On an ongoing basis, this item will discuss only specific material changes that are made to this Brochure and provide BLX clients with a summary of such changes. We will further provide you with a new Brochure, as necessary, based on changes or new information, at any time, without charge.

The following material changes have been made to this Brochure since our most recent annual update filed March 28, 2014:

- We added clarification that fees for certain arbitrage rebate service engagements may be waived at the discretion of BLX .

Our Brochure may be requested by contacting Rob Robertson at 213-612-2200 or via email at rrobertson@blxgroup.com. Additionally, our Brochure is available on our website at www.blxgroup.com, also free of charge.

Additional information about BLX Group LLC is also available via the SEC's website at www.adviserinfo.sec.gov. The SEC's website also provides information about any persons affiliated with BLX Group LLC, who are registered or are required to be registered, as investment adviser representatives of BLX Group LLC.

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ITEM 4: ADVISORY BUSINESS

BLX Overview

BLX Group LLC ("BLX") offers tax compliance, consulting, financial advisory and investment advisory services to state and local governments and other issuers of tax-exempt debt obligations. The services are managed in three business groups: 1) Investment Services, which includes investment advisory services and the business of Fund Services Advisors, Inc. ("FSA"), a limited purpose broker-dealer under common control with BLX, 2) Advisory Services, including cash flow modeling, financing strategies and other financial advisory services related to municipal debt issuance, swap advisory, monitoring and reporting services, and bidding services for guaranteed investment contracts and similar agreements, and 3) Compliance Services including arbitrage rebate analysis and reporting, post issuance compliance services, and program administration services. Fees for services not subject to an investment advisory agreement are separately negotiated with individual clients and are unrelated to fees associated with BLX's investment advisory services.

BLX was incorporated as Bond Logistix LLC in 2000 as a subsidiary of the law firm Orrick, Herrington & Sutcliffe LLP ("Orrick"). From 1989 until 2000, the business operated as the Financial Services Group within Orrick focused on providing arbitrage rebate analysis. In 2010, the corporate name was changed to BLX Group LLC. Orrick continues to be the sole owner of BLX Group LLC.

Investment Services

BLX provides discretionary and non-discretionary investment advisory and management services to its investment management clients. These services are generally limited to fixed income debt instruments such as U.S. Agency or Treasury bills, notes and bonds, guaranteed investment contracts, repurchase agreements, commercial paper, certificates of deposit, money market funds, and local government investment pools.

Money Market Funds

BLX owns FSA, a limited broker-dealer which markets money market funds to municipal entities and other issuers of tax-exempt debt obligations.

Debt Advisory Services

BLX provides financial advisory services to issuers and obligated persons issuing tax-exempt debt, BLX also provides services to banks, trusts, charitable organizations, corporations or other business organizations to the extent that these entities are participants in debt transactions with state and local governments or other conduits that enable these organizations to obtain funding on a tax-exempt basis. Fees for these services are separately negotiated with individual clients and are unrelated to fees associated with BLX's investment advisory services.

Structured Products

BLX provides advice and bidding agent services with regard to Structured Products that are routinely bid out to counter-parties, including or commonly known as: i) Investment Agreements, ii) Bank Investment Contracts; iii) Guaranteed Investment Contracts; iv) Flexible-Term Repurchase Agreements; v) Forward Delivery Agreements; vi) Forward Purchase and Sale Agreements; and vii) Private Placement Corporate Securities. BLX also provides escrow bidding services to help clients obtain portfolios of open-market securities that can be used for advanced refunding or other purposes.

Compliance Services

BLX provides consulting services to municipalities and other tax-exempt debt issuers involving areas such as arbitrage rebate compliance services, continuing disclosure services and general post-issuance technical and administrative services. Fees for these services are separately negotiated with individual clients and are in addition to fees associated with BLX's investment advisory services. For certain investment advisory clients, fees for arbitrage rebate compliance services may be waived at BLX's discretion or based on a client's average annual invested account balance.

Arbitrage Rebate Compliance Services

BLX provides ongoing comprehensive arbitrage rebate compliance reporting and consulting services to approximately 1,200 issuers. These services assist state and local governments with their efforts to comply with the federal arbitrage restrictions, thereby protecting the tax-exempt status of its debt instruments. Federal tax law prohibits issuers of tax-exempt debt instruments from retaining any investment or "arbitrage" profit from investments purchased with monies derived from such instruments. Therefore, under complex regulations provided by the U.S. Treasury and enforced by the Internal Revenue Service, issuers of tax-exempt debt instruments (i.e., municipalities) must rebate any arbitrage profit as a condition of maintaining the tax-exempt status of such instruments. In certain cases, we provide these services on a subcontracting basis for certain clients of US Bank Trust Company and BNY Western Trust Company (each a "Trust Bank"). In these cases, the aggregate fee charged by BLX and the Trust Bank is equal to the fee charged to the client if it engages BLX directly (i.e. the client does not pay a higher fee for engaging the Trust Bank).

SEC Continuing Disclosure Service

SEC Rule 15c2-12 requires that underwriters cannot underwrite municipal debt unless the issuer of such debt contractually agrees to meet certain public disclosure requirements. BLX assists issuers with the monitoring, reporting, and dissemination services required to meet their disclosure obligations. In addition, BLX assists underwriters in reviewing an issuer's evidence of compliance under their continuing disclosure agreements over the past five years.

Post Issuance Technical/Administrative Services

BLX provides a variety of technical and administrative post issuance services to municipal issuers, investment bankers, law firms, corporate trustees, and financial advisers. These services include complex debt restructuring, cash flow and investment analyses, and miscellaneous reporting services.

Municipal Advisor Registration

Certain BLX business activities described above constitute "municipal advisory" activities, as that term is defined by the Dodd Frank Wall Street Reform and Consumer Protection Act of 2010. Therefore, in 2010, BLX registered with the Securities and Exchange Commission ("SEC") and Municipal Securities Rulemaking Board ("MSRB") as a municipal advisor.

Assets Under Management

As of December 31, 2014, BLX Group managed 1,039,147,938 in assets. Of this number, approximately \$696 million is managed on a discretionary basis and approximately \$343 million on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

The specific manner in which investment management fees are charged by BLX Group is established in a client's written agreement with BLX. Advisory fees associated with the BLX Group Advisory Program are negotiated on a case by case basis. However, the range is generally from 1/100ths (.01%) to 25/100ths (.25%) of one percent (1%) of the assets subject to BLX's management. From time to time, BLX may negotiate a fixed fee (\$500 - \$1,000,000) and/or provide such services on a per hour basis (\$200.00-\$700.00/hr) depending upon the complexity, as well as other factors associated with the service. BLX may waive investment management fees at its discretion.

BLX's investment management fee shall be assessed and payable quarterly or monthly, in arrears. Fees are calculated by multiplying the average market or book value of assets under management by the annual fee (as a percentage of assets under management) times the number of calendar days in the quarter and dividing by 365. Accounts initiated or terminated during a calendar quarter will be charged a prorated management fee.

The relationship between BLX and its investment management clients may be terminated by either party upon 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded and any earned unpaid fees will be due and payable.

BLX's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties, such as fees charged by managers, custodial fees, 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. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to BLX's fee, and BLX shall not receive any portion of these commissions, fees, and costs.

To the extent mutual funds are selected by BLX to fill components of the overall investment strategy, BLX will endeavor to purchase such mutual fund shares at Net Asset Value ("NAV") or no load. Thus, the client will not be subject to any initial distribution cost (front-end sales charge) or redemption fee (back-end sales charge), if any, that might normally be incurred upon the purchase or sale of mutual fund shares. FSA, BLX's wholly-owned broker-dealer subsidiary, may receive Rule 12b-1 fees from the issuers of such mutual funds. In the event FSA earns 12b-1 fees on assets subject to BLX management, BLX will credit the 12b-1 fees earned against any management fees to avoid any form of double charging on the balances.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

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

ITEM 7: TYPES OF CLIENTS

BLX investment advisory clients include municipal governments, other municipal entities and non-profit corporations or foundations, including hospitals, schools, colleges, museums and cultural institutions that have raised funds through the issuance of tax exempt debt obligations. The firm does not maintain any strict minimums to open or maintain an account, but evaluates accounts on a case-by-case basis.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Operating within the constraints of each client's unique investment policy or other regulatory guidelines, BLX conducts an investment strategy that seeks to generate market or better rates of return given the unique objectives, liquidity needs, preferences, and risk tolerances of each client.

BLX's investment process begins with an analysis of the economic environment and credit market conditions, focusing on potential changes to growth, inflation expectations, monetary and fiscal policy, and overall credit conditions. These ongoing analyses result in the development of an economic perspective which serves as the foundation for all subsequent analysis and provides the framework (within appropriate client-specific guidelines) for our yield curve strategies, duration management, sector/quality allocation, and individual security selection.

Yield Curve Strategies: Like the general level of interest rates, yield spreads between maturity points change as the shape and slope of the yield curve adjusts with market conditions and expectations. Yield curve analysis enables BLX to identify opportunities across the term structure of interest rates and allocate investments to those areas of the yield curve (within client-specific constraints), which afford the greatest value and potential for return in the prevailing and anticipated market environment.

Duration: Based on each client's cash flow requirements and tolerance for interest rate risk, BLX works to establish a target duration for the portfolio. The most appropriate target duration is that which represents the best balance of risk and reward given each client's unique characteristics, asset-liability profile, and tolerance for risk. Starting with the target duration, portfolio returns can be enhanced by making subtle and prudent changes to the duration relative to the interest rate environment and outlook. In short, reducing portfolio duration in a rising interest rate environment can reduce interest rate risk, mitigate the related depreciation of market value, and provide liquidity with which to take advantage of the higher interest rate environment. Conversely, extending portfolio duration in a declining interest rate environment can reduce reinvestment rate risk and maximize the market value appreciation associated with falling interest rates. Importantly, BLX believes that long-term performance is best enhanced by making only subtle duration adjustments relative to the target or benchmark and avoiding outright interest rate speculation.

Sector/quality spreads: Within the context of an appropriately diversified portfolio, the allocation of assets to those sectors and credit categories which afford relative-value opportunities can add significantly to portfolio performance. BLX analyzes the relative movement in yield relationships to identify pricing inefficiencies and relative value opportunities. Fundamental analysis is utilized to compare the current risk in the economy to the relative yield premium, or spread, received by holding securities other than U.S. Treasury securities. Value opportunities are then identified by comparing such yield premiums relative to historical relationships. In general, and within investment policy and other prudent parameters, overweighting those sectors which afford greater relative value can enhance portfolio return over time.

Issue selection: Individual security selection is based on the assessment of relative value and the analysis of each security's contribution to total portfolio risk and potential return. BLX recommends aggressively "shopping" for all securities to identify individual securities which provide the opportunity to add incremental yield relative to the market while controlling overall portfolio risks.

The development of a fixed income investment strategy is a dynamic process which entails the constant surveillance and analysis of economic trends, credit and market conditions, and client circumstances. This ongoing analysis ensures that BLX's investment strategies remain sufficiently flexible to take advantage of changing market conditions and relative value opportunities. In addition, and perhaps most importantly, such oversight ensures that the portfolio reflects an appropriate balance of safety, liquidity, and expected return throughout market cycles. To formalize this process and control portfolio risk and volatility, BLX conducts a full range of security and portfolio analyses. These analyses include the simulation or "stress-testing" of current and alternative portfolio structures across a range of potential interest rate scenarios (i.e., static, parallel and non-parallel shifts, and changing sector/quality spreads).

Risk of Loss

All investment programs have certain risks that are borne by the investor. While BLX's investment approach seeks to control portfolio risks and volatility, as with all investments, clients face investment risks including the following: Loss of Principal Risk, Interest-rate Risk, Credit Risk, Market Risk, Inflation Risk, Currency Risk, Reinvestment Risk, Business Risk, Liquidity Risk, and Financial Risk. Clients should be aware that investing in securities involves risk of loss that clients should be prepared to bear.

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 BLX or the integrity of BLX's management. BLX Group LLC has no information applicable to this Item. Neither BLX nor any of its employees have been subject to regulatory disciplinary action.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Corporate Affiliations

Fund Services Advisors, Inc. – FSA is a registered broker-dealer and member of FINRA. FSA is under common ownership and control as BLX. FSA is a limited business broker-dealer that offers shares of money market mutual funds. Certain BLX employees and members of management are also registered representatives of FSA. No BLX employees receive commission-based compensation from FSA.

Orrick, Herrington & Sutcliffe, LLP – the firm of Orrick is the sole owner of BLX. BLX and Orrick maintain an arrangement wherein complementary services may be referred by one to the other. Any services provided by the other will be fully disclosed and consented to in writing by the client. Orrick provides office space and certain administrative, financial and legal services to BLX pursuant to service agreements between the two firms. While these related entities and/or their representatives may refer their customers to each other for related services, neither will be compensated above their usual respective fees. BLX's management reports to a management committee consisting of three Orrick partners. These partners are responsible for monitoring and advising BLX on its risk management and operating procedures to ensure that the highest ethical standards are maintained in all of BLX's business activities.

Municipal Advisor Activity

BLX is registered as a municipal advisor with the Municipal Securities Rulemaking Board (MSRB). BLX engagements that are typically subject to the municipal advisor rules include all Debt Advisory Services engagements and most Structured Products (SP) engagements. The Structured Products engagements that are not considered to be Municipal Advisor engagements are conducted pursuant to BLX's investment adviser registration. These generally include escrow bidding engagements and certain other engagements where we have provided investment advice but are not providing ongoing investment advisory services.

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

BLX maintains a policy of strict compliance with the highest standards of ethical business conduct and the provisions of applicable federal securities laws, including rules and regulations promulgated by the Securities and Exchange Commission. BLX has adopted a Code of Business Conduct and Ethics ("Code of Ethics") for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. This Code of Ethics applies to each employee of the Company. It is designed to ensure compliance with legal

requirements and the Company's standards of business conduct. The Code of Ethics includes provisions relating to expected standards of conduct, ethical business practices, protection of proprietary and confidential information, managing real or potential conflicts of interest, and prohibition against insider trading. All supervised persons at BLX must sign an acknowledgement, acceptance, and understanding of the terms of the Code of Ethics, annually.

BLX's Code of Ethics and Written Supervisory Procedures are designed to reasonably ensure that securities transactions by BLX employees are consistent with BLX's fiduciary duty to its clients and to ensure compliance with legal requirements and BLX's standards of business conduct. The Code of Ethics and our Written Supervisory Procedures prohibit employees from trading for employee-related accounts based on information learned from customers and require transaction confirmation and quarterly reporting of all personal securities transactions.

BLX does not trade or invest in securities for its own account or for the accounts of employees, managers or related persons of the firm.

A written copy of BLX's Code of Ethics is available upon request by contacting Rob Robertson at 213-612-2200 or rrobertson@blxgroup.com.

ITEM 12: BROKERAGE PRACTICES

It is BLX's duty to seek the best overall execution of transactions for client accounts consistent with the firm's judgment as to the business qualifications of the various broker-dealers with which BLX may do business. In selecting broker-dealers to effect securities transactions for clients, BLX will select broker-dealers based on its consideration of the broker's financial soundness, the broker's ability to effectively and efficiently execute, report, clear and settle the order, and accurately communicate with BLX's portfolio management team. BLX's approach to seeking best execution focuses on consideration of explicit commission costs or spreads as well as on critically important factors such as minimizing market impact and price movements and achieving the firm's overall investment goals. BLX strives to execute each client's securities transactions in such a manner that the client's total costs or proceeds in each transaction are the most favorable under the circumstances. Accordingly, orders to buy or sell fixed income securities are placed on a competitive basis with a reasonable attempt made to obtain at least three competitive bids or offers. While the majority of transactions are executed in accordance with this competitive process, exceptions may include: (1) securities for which there are only one or two market makers; (2) block purchases considered relatively large; (3) swaps, a simultaneous sale of one security and purchase of another in substantially equal amounts for the same account intended to take advantage of an aberration in spread relationships; (4) purchases of fixed income securities for which more than one offering of the same issue is unobtainable. In determining the reasonableness of such offers, the portfolio manager will consider comparisons between the bond being offered and bonds with similar characteristics trading in the market at the time. Comparisons are made based on credit quality, name, issue size, and structure (e.g. coupon, and maturity, and call/put options).

BLX is not currently a party to any soft dollar arrangements whereby an executing broker-dealer provides or purchase on BLX's behalf investment research materials or brokerage-related services known as "soft dollar" products or services (such as economic and market information, portfolio strategy advice, research conferences, periodical subscription fees, performance measurement data, online pricing, news wire charges, quotation services, computer hardware and software) in exchange for BLX directing trade executions to that broker-dealer. BLX's only consideration in the selection of broker-dealers is achieving the most favorable execution for our clients.

BLX does not use client brokerage to compensate or otherwise reward brokers for client referrals.

BLX does not routinely recommend, request, or require that clients direct it to execute transactions through a specified broker-dealer.

In some instances, clients may direct BLX to use a specified broker-dealer or list of broker-dealers for portfolio transactions in their account. In these cases, BLX is unable to negotiate commission rates or spreads, obtain volume discounts, or select broker-dealers based upon the best price and execution for the transaction. A client that directs BLX to use a particular broker-dealer or list may pay higher transaction costs or receive less favorable pricing than would have otherwise been the case had it not designated the broker-dealer.

When possible, BLX seeks to aggregate the purchase and sale of securities for various client accounts (a process known as "bunching" or "blocking" trades) for purposes of seeking better execution in terms of both timing and security pricing. Trade allocations are determined prior to execution and are generally applied to all accounts utilizing that particular strategy, taking into consideration client restrictions, instructions and individual needs. BLX, when rebalancing individual accounts, may or may not have an opportunity to aggregate or "bunch" trades; thus there may be disparity in pricing among clients.

ITEM 13: REVIEW OF ACCOUNTS

Client accounts are monitored on a systematic basis, and each account is reviewed at least monthly. Notwithstanding the above, more active accounts and larger accounts may be reviewed on a daily basis or other more frequent interval. With respect to account performance, BLX reviews each account on a monthly basis, and compares each investment on a transaction basis to insure that each transaction is: (1) suitable to the respective client's investment objective, (2) meets each client's quality standards, and (3) ensures that their investment objectives are still pertinent to the managed account arrangement. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances or the market economic or political environment.

The nature and frequency of reports to clients are determined primarily by the particular needs of each client. Generally, clients are issued reports at least monthly, which are generally intended to demonstrate the performance of account assets as well as providing an asset holding summary and contribution/withdrawals for the statement period. Additionally, the client receives any related brokerage transaction confirmations and monthly custodial statements directly from the relevant broker or custodian.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

If a client is introduced to BLX by a solicitor, BLX may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940 and the rules set forth by the respective state jurisdictions. Any such referral fee shall be paid solely from BLX's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to BLX by a solicitor, the solicitor shall provide the client with a copy of BLX's Form ADV Part 2A and a copy of the disclosure statement between BLX and the solicitor containing the terms and conditions of the solicitation arrangement, including compensation.

ITEM 15: CUSTODY

BLX does not take possession of client assets or funds at any stage of the investment process. Client assets are required to be held by an independent third party custodian in the name of each client. All security transactions are settled on a delivery-versus-payment basis ("DVP") directly between the broker-dealer and the client custodian.

At such time as the Company maintains possession or custody of client funds or securities, the CCO shall ensure compliance with the restrictions and requirements of the custody rule. At present, the firm does not have custody of client funds or securities.

Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains clients' investment assets. BLX urges each client to carefully review such statements and

compare such official custodial records to the account statements that we may provide. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

ITEM 16: INVESTMENT DISCRETION

BLX will supervise and direct the investments of the client accounts subject to such limitations as the client may impose in writing. BLX, as agent and attorney-in-fact with respect to the client's account, without prior consultation with the client, may, (a) direct the purchase, sell, exchange, conversion, and otherwise trade in stocks, bonds and other securities including money market instruments, and (b) direct the amount of securities purchased, sold, exchanged, and otherwise traded. BLX will allocate brokerage transactions in a manner it believes to be fair and responsible to its clients, and consistent with client objectives. Adhering to a strict formula will not be practicable given the variation in client objectives and guidelines.

ITEM 17: VOTING CLIENT SECURITIES

It is the general policy of BLX to not take any action or render any advice in reference to the voting of proxies for those securities held in all client accounts.

ITEM 18: FINANCIAL INFORMATION

BLX does not have any financial commitments that impair its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.