

Item 1 – Cover Page



**Consultiva Internacional, Inc.  
Form ADV Part 2A**

**September 28, 2017**

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This brochure provides information about the qualifications and business practices of Consultiva Internacional, Inc. ("Consultiva"). If you have any additional questions about the contents of this brochure, please contact us at (787) 763-5868. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Consultiva is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Consultiva is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2- Material Changes

This Form ADV Part 2A brochure dated September 28, 2017 has been prepared according to the requirements and rules promulgated by the SEC. Pursuant to SEC Rules, we are required to deliver a summary of any material changes to our brochure within 120 days of the close of our fiscal year. The date of the last annual update of the brochure was March 31, 2017. This Item discusses specific material changes that were made to the brochure subsequent to March 31, 2017.

Item 4 has been amended to reflect a change in the indirect ownership of Consultiva.

## Item 3- Table of Contents

### Contents

Item 1 – Cover Page .....	1
Item 2- Material Changes .....	2
Item 3- Table of Contents.....	3
Item 4- Advisory Business .....	4
Item 5- Fees and Compensation.....	6
Item 6- Performance Based Fees and Side-by-Side Management .....	11
Item 7- Types of Clients .....	12
Item 8- Methods of Analysis, Investment Strategies and Risk of Loss....	13
Item 9- Disciplinary Information .....	15
Item 10- Other Financial Industry Activities and Affiliations .....	16
Item 11- Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	20
Item 12- Brokerage Practices.....	23
Item 13- Review of Accounts.....	24
Item 14- Client Referrals and Other Compensation .....	25
Item 15- Custody.....	26
Item 16- Investment Discretion .....	27
Item 17- Voting Client Securities .....	28
Item 18- Financial information.....	29

## Item 4- Advisory Business

### **Our Company & Principals**

Consultiva is a federally registered independent investment adviser, registered with the SEC under the Investment Advisers Act of 1940 (the “Advisers Act”) and has been offering investment advisory services since October 1999.

On March 30, 2017 Grupo Consultiva acquired 73% of Consultiva’s common shares. Grupo Consultiva is a holding company formed with the purpose of enabling the creation or acquisition of other meaningful and complementary investment-related enterprises, particularly in the area of financial technologies. Certain employees of Consultiva hold the remaining 27% of Consultiva’s common shares.

On March 30, 2017, Bancrédito Holding Corp. (Bancrédito Holding) acquired a financial interest equivalent to 71.846% of the outstanding common shares of Grupo Consultiva. Bancrédito Holding is owned by Bancrédito Financial Group Trust & Company, a family trust. Myrna Rivera, Chief Executive Officer of Consultiva, acquired a financial interest equivalent to 28.154% of the outstanding common shares of Grupo Consultiva on March 30, 2017. Subsequently, Bancrédito Holding transferred all of its financial interest in Consultiva Holding Group, LLC (formerly known as Group Consultiva) to Bancredito Financial Group Trust & Company in September 2017.

The organizational structure and management of Consultiva has not changed. Two members of Bancrédito Holding have been added to Consultiva’s existing Board of Directors. Bancrédito International Bank Corporation, an international banking entity directly owned by Bancrédito Holding and thus under common control with Consultiva, may refer prospective clients or business to Consultiva from time to time. Consultiva may also refer prospective clients or business to Bancrédito International Bank Corporation.

### **Services We Offer**

Consultiva provides investment advisory services for several types of clients (see Item 7 for more information about our clients). Our process begins with an assessment of each client’s needs, current circumstances and risk tolerance, after which we work with the client to design a customized investment strategy and policy that may guide the investment process. Consultiva then presents those investment solutions that it believes are best suited to implement a customized strategy, including Independent Investment Manager(s) (“IIMs”), through separately managed accounts (“SMA’s) or through pooled funds.

Consultiva may also recommend fixed or variable insurance products, including life and long term care insurance, as well as annuities, as part of a proposed integrated

construct of investments. Once the client has selected from these investment alternatives, we assist with the implementation of the chosen strategy.

Consultiva provides ongoing evaluations of each client's portfolio performance and also assists in identifying strategic market opportunities, as well as in diversifying and rebalancing portfolios. Consultiva may also provide investment related consultations as the client may require.

### **Customization of Accounts & Restrictions on Investments**

Our services are customized and tailored to address each client's specific individual or organizational needs, and/or stated objectives, within client's governance and investment framework. After an in-depth assessment of the organizational or personal financial circumstances, risk tolerance and goals, we work with each client to clearly define goals and objectives and determine the most appropriate investment strategies to pursue those goals.

Strategies should reflect not only the client's specific growth and risk parameters, but also time horizon and their views regarding specific types of investments or strategies a client may wish to emphasize or avoid (socially responsible parameters, faith-based values, impact investments, etc.).

### **Access to Asset Management Programs ("Wrap Programs")**

Consultiva may also recommend asset management through a wrap program based on the client's portfolio size and custodial preferences and relationships with broker-dealers, including Huntleigh Securities Corporation, an affiliated introducing broker-dealer. (Please refer to Item 10 herein for more information).

### **Assets under Management**

As of December 31, 2016, Consultiva managed approximately \$3,133,091,055 on a non-discretionary basis on behalf of 158 Client accounts.

## Item 5- Fees and Compensation

### Billing Practices

Consultiva's advisory fees are calculated based on the assets supervised for the client (i.e., the total value of securities, fixed and/or variable annuities, money market funds and cash) and are generally invoiced in advance on a quarterly basis as set out in the agreement between the client and Consultiva, unless otherwise agreed. The client may direct the selected custodian to allow the deduction of fees.

All fees may be negotiable, depending on the client's particular circumstances, such as their asset allocation, frequency of reporting, types of investments or other services the client may require.

In addition to the advisory fees described above, clients are responsible for all additional fees at the custodian of their choice, related to the managing of their accounts; including Huntleigh Securities Corporation, Consultiva's affiliated broker-dealer.

### Other Fees and Expenses herein.

Neither Consultiva nor its investment advisor representatives share in these custodial fees. Please refer to Item 12 herein for more information on brokerage practices.

### Compensation

The fees for our investment advisory services are detailed below. Our suggested minimum portfolio size is \$500,000.

### Private Wealth Management Clients

Retail Clients & Small Institutions				Cumulative		
	Assets	% Fee	\$ Fee	Amount	% Fee	\$\$ Fee
First	\$ 1,000,000	0.75%	\$ 7,500	\$ 1,000,000	0.75%	\$ 7,500
Next	1,500,000	0.70%	10,500	2,500,000	0.72%	18,000
Next	2,500,000	0.60%	15,000	5,000,000	0.66%	33,000
Next	5,000,000	0.50%	25,000	10,000,000	0.58%	58,000
Next	10,000,000	0.34%	34,000	20,000,000	0.46%	92,000
Next	10,000,000	0.30%	30,000	30,000,000	0.41%	122,000
Next	10,000,000	0.24%	24,000	40,000,000	0.37%	146,000
Next	10,000,000	0.20%	20,000	50,000,000	0.33%	166,000

## **Institutional Clients**

Institutional Clients				Cumulative		
	Assets	% Fee	\$ Fee	Amount	% Fee	\$ Fee
First	\$ 5,000,000	0.50%	\$25,000	\$ 5,000,000	0.50%	\$ 25,000
Next	5,000,000	0.35%	17,500	10,000,000	0.43%	42,500
Next	10,000,000	0.25%	25,000	20,000,000	0.34%	67,500
Next	20,000,000	0.15%	30,000	40,000,000	0.24%	97,500
Next	20,000,000	0.10%	20,000	60,000,000	0.20%	117,500
Next	100,000,000	0.07%	70,000	160,000,000	0.12%	187,500
Next	100,000,000	0.05%	50,000	260,000,000	0.09%	237,500

*Fee for amounts over \$260 million is 0.05%*

## **Institutional Clients – Fixed Income Only**

Institutional Fixed Income Only				Cumulative		
	Assets	% Fee	\$\$ Fee	Amount	% Fee	\$ Fee
First	\$ 5,000,000	0.30%	\$15,000	\$ 5,000,000	0.30%	\$ 15,000
Next	5,000,000	0.21%	10,500	10,000,000	0.26%	25,500
Next	10,000,000	0.15%	15,000	20,000,000	0.20%	40,500
Next	20,000,000	0.09%	18,000	40,000,000	0.15%	58,500
Next	20,000,000	0.06%	12,000	60,000,000	0.12%	70,500
Next	200,000,000	0.04%	80,000	260,000,000	0.06%	150,500
Next	200,000,000	0.03%	60,000	460,000,000	0.05%	210,500

*Fee for amounts over \$460 million is 0.03%*

## **Asset Liability Management – Local Credit Unions**

	Assets	\$ Fee
Up to	\$0 to 25,000,000	\$8,000
From	25,000,001 to 50,000,000	11,000
From	50,000,001 to 75,000,000	14,000
From	75,000,001 to 100,000,000	16,000
From	100,000,001 to 200,000,000	20,000
From	200,000,001 and over	28,000

## **Defined Contribution Retirement Plans**

<b>Defined Contributions Plans Fee Schedule</b>				
	<b>Assets</b>			<b>% Fee Range</b>
		Up to	\$ 1,000,000	1.30% to 0.80%
From	1,000,001	to	3,000,000	0.79% to 0.65%
From	3,000,001	to	5,000,000	0.64% to 0.50%
From	5,000,001	to	10,000,000	0.49% to 0.35%
From	10,000,001	to	20,000,000	0.34% to 0.20%
From	20,000,001	and over		0.19% to 0.05%

### **Fixed Fees and Hourly Fees**

Consultiva may also charge fixed or hourly fees that may be negotiated, depending upon the scope of a particular client's needs or mandate.

### **Fees and Expenses Charged by Other Investment Advisers**

In addition to the investment advisory fees charged by Consultiva as described above, the client may be charged advisory fees by any IIMs the client selects.

### **Other Fees and Expenses**

In addition to the investment advisory fees described above, the client's brokerage or custodial accounts may incur additional fees and expenses. These fees and expenses may include, but are not limited to the following, as applicable.

1. Fees paid to sub-advisors and other third party managers that manage the account;
2. Transaction costs and other related trading costs, commissions, and expenses;
3. Custodial fees;
4. Mutual fund network fees;
5. Interest;
6. All applicable taxes;
7. Wire transfer and electronic fund fees;
8. Other fees and taxes related to brokerage accounts;
9. IRA and qualified retirement plan fees;
10. Internal management and operating fees and administrative expenses, which may include 12b-1 fees, for mutual funds and exchange traded funds, as disclosed in the fund prospectus;



11. All fees and expenses related to variable annuities and sub-accounts;
12. All fees related to alternative investments including management fees, performance fees, trading costs and other expenses related to such investment that are charged to investors;
13. Third party services for retirement plans such as: trustee services, third-party administration services, recordkeeping services.
14. Mutual fund redemption fees, if applicable; and
15. Other fees and expenses required by law.

If you invest through a “wrap” program, please see your sponsor’s brochure for details about these other fees and expenses.

### **Termination of Advisory Relationship**

If for any reason a client decides to terminate their relationship with Consultiva, we require 30 days advance written notice. This requirement may be waived in certain cases. Upon receipt of a written termination notice, Consultiva shall refund, on a pro rata basis, any of its unearned fees if already collected.

### **Other Compensation**

#### **A. Compensation through Affiliate**

Pursuant to the affiliate relationship between Huntleigh Securities Corporation (“HSC”) and Consultiva, HSC may on occasion receive additional compensation in the form of marketing service fees for mutual funds (*i.e.*, 12b-1 fees) purchased in the client account or compensation from certain insurance contracts.

These other payments may present a potential conflict of interest. This potential conflict of interest is reduced, given that clients are not required to select HSC as their broker-dealer. A client has the option to direct their account activity through a broker-dealer that is not affiliated with Consultiva. Consultiva’s policy is that all recommendations are made in accordance with the client specific investment objectives, risk tolerance, and goals; that the fees charged by HSC must be competitive and that all efforts are made by HSC to provide best execution. If the client has an IIM, then such IIM, and not Consultiva, will monitor execution fees for best execution.

Consultiva’s investment advisory fees may not be reduced or offset in the event of HSC’s or Consultiva’s receipt of other compensation.

#### **B. Compensation from Insurance Products**

Consultiva acts as a duly licensed insurance agent under the laws of the Commonwealth of Puerto Rico and may recommend fixed insurance products when suitable to its clients and after preparing and presenting analysis of comparable solutions. Consultiva and its Investment Adviser Representatives will be

compensated for the sale of such fixed insurance products on a commission basis. This presents a potential conflict, given that Consultiva and its Investment Adviser Representatives might be incented to recommend such products, based on potential compensation rather than the client's needs. In order to address this potential conflict, it is Consultiva's policy that all recommendations are made in accordance with the client's stated investment objectives, risk tolerance, and goals, and so documented. As with any part of a proposed investment strategy, the client may choose to reject any proposed insurance product. Additionally, Consultiva has policies and procedures in place to avoid this potential conflict of interest and to ensure all recommendations are suitable for the client. In addition, Consultiva does not include these assets for the calculation of any applicable advisory fees.

For additional information, please see Items 12 "Brokerage Practices" and 14 "Client Referrals and Other Compensation".

## Item 6- Performance Based Fees and Side-by-Side Management

Consultiva does not provide services for a performance based fee, nor fees based on a share of capital gains.

## Item 7- Types of Clients

Consultiva provides investment advisory services for the following types of clients: individuals and families, banks, pension and profit sharing plans, 401k plans, endowments, foundations, credit unions, Taft-Hartley plans, insurance companies, trusts and estates, charitable organizations, state government entities and corporations and similar business entities (i.e., limited liability companies, partnerships and professional partnerships).

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

Consultiva begins the consulting process with each client by engaging in an analysis in the following areas:

- Evaluating the client's financial circumstances ("Needs, Objectives & Risk Assessment").
- Determining appropriate asset allocation.
- Reviewing/Developing Investment Policy, Guidelines and Objectives.
- Performing capital markets research.
- Performing research and due diligence on independent investment managers, funds and other investment vehicles.
- Investment cost analysis.
- Ongoing performance monitoring.

### **Needs, Objectives & Risk Assessment**

Consultiva employs a liability-based approach in assisting clients in defining and quantifying goals and objectives.

### **Capital Markets Research**

Consultiva professionals gather and examine studies, reports, audit opinions, attend conferences and determine Consultiva's position on key issues, such as economic growth, expected returns, interest rates, current valuations and asset allocation. We continually receive and evaluate research of world economies and markets from third party sources, and develop conclusions to assess courses of action based on each client's goals and objectives.

Consultiva continually researches and/or interviews investment management firms that we believe can potentially add value to client portfolios. Our goal is to build an optimum investment management team for each client. Defining the most appropriate team of investment managers and funds will depend on the size of a client's total portfolio, the required nominal investment objective, the asset allocation required, and the investment policies and guidelines that are established as a result of the Needs Analysis. Once the appropriate mix of assets, strategies and acceptable guidelines are determined, Consultiva then evaluates the appropriate number and types of managers.

### **Investment Cost Analysis**

Although inevitable, cost is certainly a manageable variable. We examine the various alternatives for accessing a manager, fund, investment vehicle or strategy, always mindful that the maximum benefit accrues to the client. These alternatives include direct contracts, investment platforms and pooled funds. The most cost effective custody and trading options stem from these examinations.

## **Use of Other Investment Advisers**

Consultiva, through a sub-advisory agreement, has engaged Palladium LLC, an investment adviser registered with the SEC, to provide Consultiva with certain services, including ongoing asset allocation guidance, capital markets and investment management research, analysis, and advice regarding general economic conditions and trends, as well as long-range investment policy design (the “Palladium Services”). In connection with the Palladium Services, Consultiva pays a minimum annual fee to Palladium LLC. Consultiva may use these services in connection with the investment advisory services Consultiva provides to its clients. Consultiva may also separately recommend Palladium LLC as an IIM to certain clients.

## **Risk of Loss**

Investments made by Independent Investment Managers or the Funds/Investment Vehicles may result in temporary or permanent decline in the market value of a client’s assets. The Investment Managers/Funds/Investment Vehicles that Consultiva may recommend, or that the client would otherwise wish to hire/purchase, may not be successful in meeting their performance objectives. Investors should not subscribe to Consultiva’s Investment Management evaluation and selection process or invest in Investment Management Accounts/Funds/Investment Vehicles unless they can bear the risk of market value fluctuation or potential capital decline.

There is no assurance that Investment Managers/Funds/Investment Vehicles will generate returns or that the returns will be commensurate with the risks inherent in their investment strategy. The past investment performance of Consultiva’s recommended Investment Managers/Funds/Investment Vehicles cannot be taken to guarantee future results.

## Item 9- Disciplinary Information

In July of 2012, Consultiva reached a settlement with the SEC regarding Consultiva's alleged violations of certain compliance program and code of ethics provisions of the Advisers Act and the rules thereunder. Without admitting or denying the SEC's findings, Consultiva agreed to a censure and to cease and desist from committing or causing any violations and any future violations of these provisions. Consultiva also agreed to, and paid, a \$35,000 civil penalty. Additionally, Consultiva agreed to retain an independent consultant to review its compliance operations annually for two years, provide a copy of the SEC's order to existing clients, and prominently post a summary of the order on its website for twelve (12) months. To review the final order issued as a result of the settlement, you may visit the SEC website at the following address:

<http://www.sec.gov/litigation/admin/2012/ia-3441.pdf>

## Item 10- Other Financial Industry Activities and Affiliations

### **Pending and Current Registrations with Broker-Dealers**

Certain of Consultiva's supervised persons are registered with Huntleigh Securities Corporation. Registered employees are not permitted to register with any other outside firm. Edmundo J. Garza, President of Consultiva, acts as a Principal of Huntleigh Securities Corporation.

### **Material Relationships and Conflicts of Interest**

#### 1- Huntleigh Securities Corporation

Consultiva entered into a relationship with Huntleigh Securities Corporation ("HSC") in July 2016. HSC is a member of the Financial Industry Regulatory Authority (FINRA), the Municipal Securities Rulemaking Board (MSRB), and the Securities Investor Protection Corporation (SIPC).

HSC serves as introducing broker-dealer for certain advisory clients of Consultiva. As described in Item 5 hereinabove, clients who select HSC as their introducing broker-dealer may be charged fees and transaction costs, if the program they select is not inclusive of such fees.

#### Dual Employees

As indicated hereinabove, Consultiva has entered into a relationship with Huntleigh Securities Corporation ("HSC"). Certain management persons and supervised persons of Consultiva are registered representatives of HSC and dual employees of both Consultiva and HSC.

The dual employees, as registered representatives of HSC, may recommend the purchase of investment securities and/or certain insurance contracts to Consultiva's investment advisory clients and receive a commission for the sale of such securities and insurance contracts. The compensation received from the sale of investment securities and certain insurance contracts potentially presents a conflict of interest, since it theoretically creates an incentive for Consultiva's dual employees to recommend such securities and insurance contracts for additional compensation.

Consultiva's policy, however, is to only make recommendations in accordance with our clients' investment objectives and goals, as determined during the assessment process. Consultiva has established compliance procedures to ascertain that a detailed analysis of clients' needs, objectives and current asset-liability position, as well as determination of the client's risk tolerance, is performed to determine the investment objectives, investment strategy-policy, and/or asset allocation to be recommended to the client. As with any part of a proposed investment strategy the



client may choose to reject any insurance product or investment security recommendations. In addition, Consultiva has established a compensation strategy that allows the dual employees to receive proper compensation for the investment advisory services they offer to Consultiva's clients.

In the case of investment securities, Consultiva has established as a policy that neither the dual employees nor Consultiva shall receive commission for transactions involving investments assets covered under advisory services.

In the case of certain insurance contracts, dual employees and Consultiva receive commissions, but, likewise, it is Consultiva's policy that neither dual employees nor Consultiva shall receive compensation for the advisory services and a commission for the sale of insurance products from the same assets of any given client. Consultiva does not include these assets for the calculation of advisory fees.

#### Expense Allocation Agreement

HSC and Consultiva are party to an expense allocation agreement, whereby Consultiva provides certain services (administrative and sharing of premises and non-advisory services) to HSC. Said services are paid pursuant to the terms of such expense allocation agreement.

This arrangement presents a potential conflict of interest, since it theoretically creates an incentive for Consultiva to recommend transactions that could result in a benefit to the affiliate. Consultiva's policy, however, is to only make recommendations in accordance with each clients' stated investment objectives, risk tolerance and goals.

Additionally, the potential conflict of interest presented by the affiliation with HSC is further mitigated by the fact that Consultiva does not require its clients to select HSC; rather, it is left entirely to the client's discretion to select their own broker-dealer and/or custodian.

HSC may on occasion, receive additional compensation in the form of marketing service fees for mutual funds (*i.e.*, 12b-1 fees) purchased in their account or compensation from certain insurance contracts. Consultiva makes full disclosure to clients with respect to the relationship between Consultiva and HSC, and of the potential benefits that HSC may receive.

#### 2- Fairbridge Capital Partners / Fairbridge Capital Markets

Consultiva continues to maintain a 5.42% minority interest in Fairbridge Capital Partners ("FCP"), as per the sale terms of Consultiva Securities Inc. (a former wholly owned broker-dealer subsidiary of Consultiva) to FCP, which took place during the 3<sup>rd</sup> quarter of 2013.

On December 17, 2015, Consultiva filed a breach of contract and a debt collection suit against FCP, in the Puerto Rico Court of First Instance Bayamón Part, in connection with certain amounts owed to Consultiva from the sale of Consultiva Securities to FCP, as well as other amounts owed to Consultiva by Fairbridge Capital Markets ("FCM"), wholly owned subsidiary of FCP.

FCMs' FINRA membership was suspended on July 11, 2016. Additionally, FCM requested termination of its FINRA membership on July 14, 2016. FCM registration was cancelled effective August 15, 2016. As a result, Consultiva has decided to recommend to transfer accounts held with FCM to Huntleigh Securities Corporation and assist all clients who maintain accounts at FCM during the transition process.

Consultiva and FCM are separate corporate entities, with independent operations. FINRA's determination regarding FCM has no bearing on the operations of Consultiva.

### 3. Retirement Plans Clients

As part of the advisory services provided by Consultiva to retirement plans clients, Consultiva may assist in identifying and selecting appropriate service providers (for example: Trustee services, third-party administration services, recordkeeping services, etc.) according to the specific needs and goals of each retirement plan client. These service providers may occasionally refer clients to Consultiva. In addition, Consultiva may recommend its clients certain insurance products offered by these service providers.

The occasional referral of clients and the recommendation related to insurance products offered by these service providers potentially present conflicts of interest because it theoretically creates an incentive for Consultiva to recommend these service providers to receive clients' referrals or for the additional compensation. However, Consultiva has procedures in place to ensure its services are strictly limited to only facilitate the identification and selection of the most appropriate service providers, according to the specific needs and goals of each retirement plan client. Consultiva has adopted internal controls which require that several proposals from different service providers are obtained as part of the identification process described above. Proposals are obtained taking into consideration several factors (for example: plan alternatives, cost per participant, cost of mutual funds, etc.). The client makes the ultimate selection.

In addition, Consultiva is not associated with any particular service provider nor pays any compensation to service providers for any occasional client referral, nor is paid for recommendations to clients.

### 4. Other Relationships with Clients

Consultiva acts as the investment advisor of certain non-for profit clients committed to provide local investment opportunities. Consultiva has a commitment with local

investment strategies and clients interested in this type of investment opportunities. Hence, Consultiva may recommend local investment securities issued by these clients to other clients, when suitable and after preparing and presenting analysis of comparable solutions. Consultiva is not compensated for the recommendation of such investment securities, neither the assets raised by the clients will be part of the investment portfolio which Consultiva advises for such clients. However, if a client of Consultiva has selected to invest in the local investment securities, those assets are part of the client's investment portfolio which Consultiva advises and for which Consultiva receives compensation.

The occasional recommendation of local investments issued by Consultiva's clients, presents potential conflicts of interest, because it theoretically creates an incentive for Consultiva to recommend such securities in order to receive additional advisory fees on the same assets.

In order to address this potential conflict, it is Consultiva's policy that all investment recommendations are made in accordance with each client's stated investment objectives, risk tolerance, and goals. As with any part of a proposed investment strategy the client may choose to reject any investment strategy or security recommended. Additionally, Consultiva has policies and procedures in place to avoid this potential conflict of interest and to assure that all recommendations are suitable for each client.

Finally, as stated hereinabove, Consultiva does not receive additional compensation from the same assets.

### **Recommendation and Selection of other Investment Advisers**

Consultiva's primary business is to help clients assess the probability of achieving their investment objectives and to craft a team of independent investment managers/funds to manage their portfolio. During the initial investment manager or investment fund evaluation, Consultiva examines results that generally meet industry standards for how managers/funds publish their performance records. We review the quality of each candidate's record and take great care to ensure that the manager's or fund's record is (1) a fair representation of their true performance and (2) achievable within each client's investment policy guidelines. Each client makes final decisions in selecting (or not selecting) an IIM or fund.

A former employee of Consultiva has an ownership interest in Consultiva. The former employee left Consultiva in 2014 and joined an investment adviser that Consultiva recommends to Clients. Consultiva recommended this certain investment adviser prior to the former employee's departure. Consultiva expects to continue to recommend this investment adviser to its Clients. Consultiva recognizes this situation creates a potential conflict of interest and Consultiva has policies and procedures in place to help ensure all recommendations are suitable for each client.

## Item 11- Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

### **Compliance Plan**

Consultiva has adopted its Investment Advisory Compliance Plan (the “Plan”), pursuant to Rule 206(4)-7 under the Advisers Act. Part of that plan includes the adoption of written policies and procedures that are incorporated within Consultiva’s Compliance Manual. Consultiva employees receive ongoing training relating to the Compliance Plan, which is periodically reviewed and amended to reflect additional policies.

### **Code of Ethics and Personal Trading**

Consultiva has adopted a Code of Ethics (“the Code”) pursuant to Rules 204A-1 and 204-2 under the Advisers Act. The Code is periodically reviewed, updated as necessary and distributed to all personnel. Periodic training on the Code is provided to existing employees and all new employees upon hire. All of our employees are required to accept in writing the terms of the Code upon employment, upon amendment of the Code and annually.

The Code sets out our standards of conduct for investment advisory personnel, including the fiduciary and confidential duty, trading and gifts policies, reporting and recordkeeping obligations, and avoidance of conflicts of interest.

With respect to trading in personal accounts, the Code contains rules and restrictions on the purchase and sale of securities by employees. These rules and/or restrictions are designed to protect Consultiva’s clients. All officers and employees of Consultiva are required to place our clients’ interests first in all dealings relating to their investments.

Generally, the Code of Ethics provides that:

- Officers, directors and employees maintain full compliance with applicable federal securities laws;
- Employees must pre-clear all personal trades for their own accounts or accounts over which they have a direct or indirect beneficial ownership (“employee-related accounts”);
- Pre-clearance requests will not be granted for trades in securities that are under consideration for a client account or are the subject of an unexecuted order for a client account;
- Brokerage statements for all employee-related investment accounts must be sent to Consultiva;
- Employees must report personal securities transactions in all employee-related accounts on a quarterly basis;

- Limitations on Consultiva personnel's ability to participate in initial public offerings, limited offerings and private placements.

Employee personal trading reports are reviewed by Compliance personnel to verify that all employees comply with the Code. Consultiva may impose penalties and sanctions on employees who have violated provisions of the Code, including the personal trading policy.

In addition, the Code contains policies and procedures concerning the misuse of material non-public information and concerning political activities and contributions.

The Code also dictates activities that are strictly prohibited, which include:

- Having a personal interest or receiving a personal benefit in any Client transaction;
- Using knowledge of Client transactions for personal gain; and
- Allowing anything to influence or impact an independent, unbiased judgment with respect to Client communications.

Consultiva will provide a copy of the Code to current clients or any prospective client, upon request.

### **Participation or Interest in Client Transactions**

Clients in need of brokerage or custody services may choose to use Consultiva's affiliate, Huntleigh Securities Corporation ("HSC"). In such a capacity, HSC may act as agent for the buyer and/or seller when instructed to do so. HSC may participate in underwritings, and may be a market maker in some securities. First Clearing LLC, an affiliate of Wells Fargo Advisors, provides settlement and clearing of all trades on a fully disclosed basis. These facts may represent a potential for conflicts of interest. As described herein above, Consultiva has adopted a Code of Ethics, which includes restrictions on employees' personal trading. Each supervised person and registered representative of Consultiva is required to sign the Code of Ethics upon employment and annually attest to their adherence of the Code during their tenure. HSC as a securities broker/dealer registered with the SEC and a member of FINRA is also required to abide by market rules and regulations regarding ethics and personal trading.

### **Business Continuity**

Consultiva has adopted a business continuity strategy to maintain critical functions, in the event of circumstances that impact our physical plants, applications, data centers or networks. Consultiva has engaged in planning and process development to reduce risk in this area and periodically reviews its established procedures, revising as may be required.

## **Risk Management Review**

Consultiva's Executive & Compliance Committee provides oversight of investment management, compliance program and operational policies and procedures.

## Item 12- Brokerage Practices

Consultiva does not receive research, products or services in connection with client securities transactions. Consultiva also does not direct brokerage to any other broker-dealer or third party in exchange for referrals.

With the client's request and approval, Consultiva may direct transactions to Huntleigh Securities Corporation ("HSC"), based upon best execution principles. When HSC cannot provide best execution, Consultiva will suggest that trades be directed to other broker-dealers. If a client instructs Consultiva to execute trades through a certain broker-dealer, Consultiva will not monitor those execution costs unless we have agreed to do so, in writing, on the client's behalf. Consultiva does not currently provide consulting services in exchange for directed brokerage.

Consultiva does not aggregate trades; however, an IIM may do so when it results in best execution.

## Item 13- Review of Accounts

On a quarterly basis, unless otherwise agreed to with the client, Consultiva prepares a written report that presents investments, portfolio performance and profits/losses of holdings. This performance is compared to benchmarks that best represent a client's stated investment objectives. Consultiva makes every effort to meet with clients and discuss the quarterly report and address any questions or issues raised by the client.

Additionally, at least annually, accounts are randomly selected and reviewed by Consultiva's independent auditors. In addition, personnel from Consultiva's supervisory staff randomly select and review accounts based on exception reports (factors which note activity or performance that was unexpected). This process is performed on a continuous basis.



## Item 14- Client Referrals and Other Compensation

On occasion, Consultiva may receive client referrals from independent solicitors that are not registered investment advisors. Solicitors provide necessary disclosure forms, which require client acknowledgement and signature. Solicitors are compensated by Consultiva and receive a portion of our advisory fees.

Neither Consultiva nor its personnel receive any items of value, in the form of prizes, awards or items of economic benefit, from non-clients.

## Item 15- Custody

Consultiva does not provide custodial services for client assets. Clients' assets are held in custody by the clients' Qualified Custodian. However, Consultiva may be deemed to have access to certain of the client assets because in some cases it deducts its advisory fees directly from its client accounts, by directing the invoice to the corresponding custodian selected by the client as pre-approved by the client. Assets are maintained with the Qualified Custodian that is selected by each client. The Qualified Custodian will send clients quarterly, or more frequent, account statements. Clients should carefully review such statements.

Additionally, Consultiva prepares quarterly performance reports of portfolio activity, unless a different time period has been negotiated with the client. Consultiva will compare a client's IIM statements to the clearing agent or custodian statements and attempt to reconcile any differences. We urge clients to compare account statements they receive from Consultiva with those received from IIMs and Qualified Custodians. If a client notes any differences, such differences should be reported immediately to Consultiva, the IIM and the custodian.

## Item 16- Investment Discretion

Relationships with Consultiva are advisory and nondiscretionary. However, Consultiva may assist in instructing the purchase or sale of securities in a client's portfolio, exclusively for the initial portfolio structure and subsequent rebalancing. In all cases, Consultiva must obtain the client's written consent of the recommended investment strategy and/or instructions to buy or sell securities prior to the execution of such transactions.

## Item 17- Voting Client Securities

Consultiva does not vote proxies on behalf of clients. Clients or their IIMs receive all proxies from the designated custodian, directly from the company or the transfer agent. Clients may receive proxies electronically as well.

## Item 18- Financial information

Consultiva 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.