

# Summa Corp.

## Form ADV Part 2A Client Brochure

*This Brochure provides information about the qualifications and business practices of Summa Corp. (“Summa”, “Firm”, “we” or “our”). If you have any questions about the contents of this Brochure, please contact us at (281) 362-9977 or via email at [malu@summaholdings.com](mailto:malu@summaholdings.com). 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.*

*Summa is a federally registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.*

*Additional information about Summa is also available on the SEC’s Web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s Web site also provides information about any persons affiliated with Summa who are registered, or are required to be registered, as investment adviser representatives of Summa.*

*The Firm’s CRD number is: 113091*

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**March 31, 2017**

## ITEM 2: MATERIAL CHANGES

Please note that there have been no “material changes” made to this Brochure since our last delivery or posting of our Brochure on the SEC’s public disclosure website (“IAPD”) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Notwithstanding the above, additional changes reflected in this version of this Brochure include a number of minor We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year, which is December 31. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested free of charge, by contacting Maria Luisa Bernaldo de Quiroz, President and CCO, by phone at (281) 362-9977 or via email at [malu@summaholdings.com](mailto:malu@summaholdings.com).

## TABLE OF CONTENTS

ITEM 1 – COVER PAGE.....	1
ITEM 2: MATERIAL CHANGES.....	2
ITEM 3: TABLE OF CONTENTS.....	3
ITEM 4: ADVISORY BUSINESS.....	5
A. FIRM DESCRIPTION.....	5
B. TYPES OF ADVISORY SERVICES.....	5
C. CLIENT TAILORED SERVICES AND CLIENT IMPOSED RESTRICTIONS.....	6
D. WRAP FEE PROGRAMS.....	6
E. AMOUNTS OF ASSETS UNDER MANAGEMENT.....	6
ITEM 5: FEES, COMPENSATION AND TERMINATION OF SERVICES.....	7
A. DESCRIPTION OF COMPENSATION AND BASIC FEE SCHEDULE.....	7
<i>Advisory Fee</i> .....	7
<i>Portfolio Consulting Fees</i> .....	7
B. PAYMENT OF FEES.....	7
C. OTHER FEES.....	8
D. PREPAYMENT OF FEES.....	8
E. OTHER COMPENSATION.....	8
ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	9
ITEM 7: TYPES OF CLIENTS.....	10
ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	11
A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES.....	11
B. MATERIAL RISKS.....	11
ITEM 9: DISCIPLINARY INFORMATION.....	14
A. CRIMINAL OR CIVIL ACTION.....	14
B. ADMINISTRATIVE PROCEDURE.....	14
C. SELF-REGULATORY ORGANIZATION.....	14
ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	15
A. REGISTRATION AS A BROKER/DEALER REPRESENTATIVE.....	15
B. REGISTRATION AS A FUTURES COMMISSION MERCHANT, COMMODITY POOL OPERATOR OR A COMMODITY TRADING ADVISER.....	15
C. RELATIONSHIPS MATERIAL TO THIS ADVISORY BUSINESS AND CONFLICTS OF INTEREST.....	15
D. SELECTION OF OTHER ADVISORS OF MANAGERS AND COMPENSATION FOR THOSE SELECTIONS.....	16
ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	17
A. CODE OF ETHICS.....	17
B. RECOMMENDATIONS INVOLVING MATERIAL FINANCIAL INTERESTS.....	17
C. TRADING AND INVESTING IN THE SAME SECURITIES AS CLIENTS.....	17
ITEM 12: BROKERAGE PRACTICES.....	18

A. SELECTING BROKERAGE FIRMS .....	18
<i>Research and Other Soft Dollar Benefits</i> .....	18
<i>Brokerage for Client Referrals</i> .....	19
<i>Directed Brokerage</i> .....	19
B. AGGREGATION OF SECURITIES FOR MULTIPLE CLIENT ACCOUNTS .....	19
C. TRADE ERROR POLICY .....	19
ITEM 13: REVIEW OF ACCOUNTS .....	20
A. PERIODIC REVIEWS .....	20
B. FACTORS THAT WILL TRIGGER NON-PERIODIC REVIEWS .....	20
C. REPORTS PROVIDED TO CLIENTS.....	20
ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION .....	21
A. THIRD PARTY COMPENSATION.....	21
B. REFERRALS .....	21
ITEM 15: CUSTODY .....	22
A. SELECTION OF CUSTODIAN .....	22
B. STATEMENTS.....	22
ITEM 16: INVESTMENT DISCRETION .....	23
ITEM 17: VOTING CLIENT SECURITIES .....	24
ITEM 18: FINANCIAL INFORMATION .....	25
A. BALANCE SHEET .....	25
B. FINANCIAL CONDITIONS.....	25
C. BANKRUPTCY PROCEEDINGS.....	25

## **ITEM 4: ADVISORY BUSINESS**

### **A. Firm Description**

Summa was formed in January 2001 and is owned by Maria Luisa Bernaldo de Quiroz, who serves as the President and Chief Compliance Officer.

### **B. Types of Advisory Services**

Summa provides investment advice, supervisory services, consulting and family office services to its clients by advising and/or effecting purchases and sales of equities, options, debt instruments, governmental securities, hedge funds and/or mutual fund shares in or for its clients' accounts which will provide proper diversification and help meet the client's stated investment objectives.

Summa provides its clients discretionary and non-discretionary account services tailored to each client's needs. Summa offers its investment services on non-wrap fee basis. For non-discretionary accounts, Summa makes written or oral investment recommendations to client or client's designee. Client and or client's designee is under no obligation to act upon Summa Corp's recommendations. Client may also direct Summa to make specific investments in client's account. Notwithstanding the Summa Corp's policy on fair and equitable allocation of investment opportunities, transactions effected on behalf of a client to for whom Summa has discretionary trading authority may be effected prior to the time that recommendations for transactions in the same securities may be communicated to clients with non-discretionary accounts and at different prices. Any client may impose restrictions on his/her account but any such restrictions must be provided in writing.

Summa provides Portfolio Consulting Services on a non-discretionary basis as a financial consultant, to provide general investment advice and regular supervisory and management services, regarding those Assets designated by Client.

To the extent mutual funds are selected to fill components of the overall investment strategy, the annual advisory fee set forth above does not include the customary fees and expenses associated with investing in mutual funds or other costs of establishing and maintaining an account with mutual funds including Rule 12b-1 fees and expenses. Client is advised that, in addition to the annual advisory fee set forth above, each mutual fund in which assets are invested will incur separate investment advisory fees and other expenses for which client will bear a proportionate share.

The Firm has entered into an agreement with St. James Investment Company, LLC, an SEC Registered Investment Advisor, wherein St. James will act as sub-advisory for certain of the Firm's clients.

The relationship between the parties may be terminated by either party upon 30 days written notice. Notwithstanding the above, if the appropriate disclosure statement was not delivered to the client at least 48 hours prior to client entering into any written or oral advisory contract with this investment adviser, then client has the right to terminate the relationship, contract without penalty, within five business days after entering into the contract. In the event of termination, the advisory fee due to the Adviser for the termination period shall be prorated and shall be based on the latest valuation of the assets as of the date notice was received; and will be refunded within two weeks of termination.

The Firm has entered into a fixed fee arrangement with Summa Asset Management, a Panamanian investment advisor and other investors, wherein the Firm receives a fixed quarterly fee for providing general investment advice, supervisory and management services.

### **C. Client Tailored Services and Client Imposed Restrictions**

Summa obtains financial and other information from each client which enables it to tailor its advisory services to the individual needs of each client. Clients may impose restrictions as to the type of securities utilized in their accounts by providing such restrictions to Summa in writing.

### **D. Wrap Fee Programs**

Summa does not sponsor or manage a wrap fee program.

### **E. Amounts of Assets under Management**

Summa manages client assets on both a discretionary and non-discretionary basis. As of December 31, 2016, the Firm had approximately \$180,253,645 in total assets under management of which approximately \$28,486,965 was being managed on a discretionary basis and \$151,766,680 was being managed on a non-discretionary basis.

## **ITEM 5: FEES, COMPENSATION AND TERMINATION OF SERVICES**

### **A. Description of Compensation and Basic Fee Schedule**

#### ***Advisory Fee***

The advisory fees payable to Summa are based on an annual fee of 1% of assets under management for Equity and Balanced accounts and .75% for Fixed Income accounts under \$2 Million USD. For accounts over \$2 million Summa will negotiate the fee with the client. The advisory fee will be assessed quarterly either in advance or arrears. Advisory fees may be at a fixed rate or based on the market value of the Assets under management for each Account. Fees are negotiable and those based on assets under management are calculated by multiplying the assets by the relevant percentage and dividing such product by four. The Advisory Fee includes payment for: (i) investment advisory services provided by Summa pursuant to this Agreement; (ii) administrative services such as computing, charging and collection of account fees, including the Advisory Fee for services provided under this Agreement, (iii) administrative services to include, but not limited to, the processing of deposits and withdrawals from the Account pursuant to the Client's instruction; and (iv) the issuance of monthly and/or quarterly account statements.

#### ***Portfolio Consulting Fees***

The portfolio consulting fees payable to Summa are on a fixed fee basis, payable quarterly in arrears as specified on the agreement between the two parties. Summa does stipulate a minimum dollar value of assets under management of \$500,000 so as to provide proper diversification to its customers. Advisory Fees may be negotiated for accounts over \$2,000,000.

### **B. Payment of Fees**

The fees are payable quarterly in advance or arrears as agreed to with client and memorialized in the Investment Advisory Agreement. Fees are invoiced and at the client's direction may be deducted from client's account(s) quarterly within 30 days following the expiration of the quarter for which said fees will be incurred. In the event the agreement is terminated prior to the end of the quarter, the advisory fee shall be prorated and refunded proportionately within two weeks of termination.

The Firm also has entered into a fixed fee consulting arrangement. Fees are invoiced quarterly in advance and Client remits payment to the company. In the event the agreement is terminated prior to the end of the quarter, the advisory fee shall be prorated and refunded proportionately within two weeks of termination.

### **C. Other Fees**

The Advisory fee does not include: (i) brokerage commissions on all agency transactions for the Client Account, except for those transactions ordered directly by Client and those processed after notice of Agreement termination is provided; or (ii) as applicable, custodial and clearing services with respect to the Account.

### **D. Prepayment of Fees**

Clients may pay fees in advance if requested. In the event this Agreement is terminated prior to the end of a quarter, all advisory fees paid in advance shall be prorated and refunded proportionately within two weeks of termination.

### **E. Other Compensation**

Summa has a fixed fee contract with an international investment advisor and other investors wherein Summa provides general investment advice for an annual fee. Neither Summa nor its supervised persons accept any other compensation/commission for the recommendation of securities or non-securities products including asset-based sales charges or service fees from the sale of mutual funds or insurance products.



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

Summa does not charge any performance-based fees based on a share of capital gains on or capital appreciation of the assets of a client. The fees noted herein represent fees for advisory services only. Additionally, Summa does not engage in side-by-side management.

## **ITEM 7: TYPES OF CLIENTS**

Summa provides portfolio management services to individuals, high net worth individuals, corporations and other business entities.

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

### **A. Methods of Analysis and Investment Strategies**

Summa's focus is in long term capital preservation and providing positive absolute returns over time. Each portfolio is unique and designed according to the client's individual needs and objectives. Summa builds portfolios looking to balance risk through fundamental analysis and diversification. Summa invests in a wide range of securities including: corporate and government bonds, high yield bonds, mutual funds, structured notes, ETF's, stocks and hedge funds. Investing in securities involves risk of loss that clients should be prepared to bear.

Summa relies on the research of leading financial institutions and independent research providers. Investment decisions are dynamic and adjusted according to market conditions and client's needs. A portion of the client's portfolios might be invested in hedge funds. Hedge funds have liquidity constraints and offer poor transparency as to individual holdings, but they offer access to markets and investment strategies which are usually not available to the individual investor. Summa only invests in hedge funds that have a significant track record and solid performance. Summa also studies the managers' credentials and their investment strategies. Investing in hedge funds might result in losses that the clients should be prepared to bear.

### **B. Material Risks**

Investing in securities involves risk of loss that clients should be prepared to bear.

All investments carry some amount of risk. Summa's investment strategies may be subject to the following principal investment risks:

**Credit Risks** – The risk that the portfolio could lose money if the issuer or guarantor of a fixed-income security, or the counter-party to a derivative contract, is unable or unwilling to meet its financial obligations.

**Counter-Party Risks** – A portfolio may incur a loss if the other party to an investment contract, such as a derivative, fails to fulfill its contractual obligation.

**Currency Risks** – The risk that foreign currencies will decline in value relative to the US dollar and affect a portfolio's investments in foreign (non-US) currencies or in securities that trade in, and receive revenues in, or in derivatives that provide exposure to, foreign (non-US) currencies.

**Debt Securities Risks** – The issuer of a debt security may fail to pay interest or principal when due, and changes in market interest rates may reduce the value of debt securities or reduce the portfolio's returns.

**Derivatives Risks** – The use of derivatives such as futures, options and swap agreements can lead to losses, including those magnified by leverage, particularly when derivatives are used to enhance return rather than offset risk.

**Emerging-Markets Risk** – Foreign investment risks are typically greater for securities in emerging markets, which can be more vulnerable to recessions, currency volatility, inflation and market failure.

**Equity Risks** – The risk that the value of equity securities, such as common stocks and preferred stocks, may decline due to general market conditions which are not specifically related to a particular company or to factors affecting a particular industry or industries. Equity securities generally have greater price volatility than fixed income securities.

**ETF Risks** – A portfolio will be exposed indirectly to all of the risks of securities held by an ETF.

**Foreign Investment Risk** – Foreign investments face the potential of heightened illiquidity, greater price volatility and adverse effects of political, regulatory, tax, currency, economic or other macroeconomic developments.

**High-Yield Securities Risk** – High-yield securities have a much greater risk of default or of not returning principal and tend to be more volatile than higher-rated securities of similar maturity.

**Interest-Rate Risk** – The risk that fixed income securities will decline in value because of an increase in interest rates.

**Issuer Risk** – The value of a security may decline because of adverse events or circumstances that directly relate to conditions at the issuer or any entity providing it credit or liquidity support.

**Issuer Non-Diversification Risk** – The risks of focusing investments in a small number of issuers, industries, or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.

**Leverage Risk** – The risk that certain portfolio transactions may give rise to leverage, causing the portfolio to be more volatile than if it had not been leveraged.

**Liquidity Risk** – A security may not be able to be sold at the time desired or without adversely affecting the price.

**Market Risk** – The market price of securities held by a portfolio may rapidly or unpredictably decline due to factors affecting securities markets generally or particular industries.

**Mortgage- and Asset-Backed Securities Risk** – These securities may decline in value when defaults on the underlying mortgage or assets occur and may exhibit additional volatility in periods of changing interest rates. When interest rates decline, the prepayment of mortgages or

assets underlying such securities may require the reinvestment of money at lower prevailing interest rates, resulting in reduced returns.

**Regulatory Risk** – The risk that changes in government regulations may adversely affect the value of a security. An insufficiently regulated industry or market might also permit inappropriate practices that adversely affect an investment.

**Short Sale Risk** – The risk of entering into short sales includes the potential loss of more money than the actual cost of the investment, and the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to a portfolio.

**Private Securities Risk** – Private securities contain the risks of their respective public securities, but these risks can be magnified due to their illiquidity and lack of public knowledge on the business. These securities are inherently riskier.

## **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 clients' evaluations of Summa or the integrity of Summa's management. Neither Summa nor its management has information applicable to this Item.

### **A. Criminal or Civil Action**

Neither Summa, nor any of our employees, has had an investment related civil action and or any criminal actions brought against them.

### **B. Administrative Procedure**

Neither Summa, nor any of our employees, has had any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

### **C. Self-Regulatory Organization**

Neither Summa, nor any of our employees, has had any proceedings before a self-regulatory organization.

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

### **A. Registration as a Broker/Dealer Representative**

Certain investment advisory representatives are registered representatives of Insight Securities, Inc. Through this relationship, they may execute transactions for clients and receive a commission for such transactions.

This relationship creates potential conflicts of interest in that it may provide an incentive for Summa and its representatives to recommend investment products or transactions based on the compensation received rather than the client's best interest. The Firm will mitigate this potential conflict by ensuring that clients are served in a manner that upholds the Firm's and the representatives' fiduciary duty to do what is in the best interest of the clients and not base decisions for clients on potential compensation.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator or a Commodity Trading Adviser**

Neither Summa nor its representatives are registered as a Futures Commission Merchant, Commodity Pool Operator or a Commodity Trading Adviser.

### **C. Relationships Material to This Advisory Business and Conflicts of Interest**

Summa has entered into an agreement with Lombard International PCC Limited ("Lombard"). Lombard is an insurance provider based in the Channel Islands. Summa manages the Private Client Portfolio on behalf of Lombard. Summa is compensated based on an annual rate of .5%, payable quarterly in arrears.

Summa has entered into a sub-advisory agreement with St. James whereby St. James may act as portfolio manager for certain clients of Summa. St. James will receive a portion of the management fee charged by Summa.

These relationships create potential conflicts of interest in that they may provide an incentive for Summa and its representatives to recommend investment products or transactions based on the compensation received rather than the client's best interest. The Firm mitigates this potential conflict by ensuring that clients are served in a manner that upholds the Firm's and the

representatives' fiduciary duty to do what is in the best interest of the clients and not base decisions for clients on potential compensation.

#### **D. Selection of Other Advisors of Managers and Compensation for those Selections**

Summa has entered into a sub-advisory agreement with St. James whereby St. James may act as portfolio manager for certain clients of Summa. St. James will receive a portion of the management fee charged by Summa.

This relationship creates potential conflicts of interest in that it may provide an incentive for Summa and its representatives to recommend investment products or transactions based on the compensation received rather than the client's best interest. The Firm mitigates this potential conflict by ensuring that clients are served in a manner that upholds the Firm's and the representatives' fiduciary duty to do what is in the best interest of the clients and not base decisions for clients on potential compensation.



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

### **A. Code of Ethics**

Summa has adopted a Code of Ethics to ensure that securities transactions by Summa employees are consistent with Summa's fiduciary duty to its clients and to ensure compliance with legal requirements and Summa's standards of business conduct. The Code requires that employees obtain prior approval for certain personal securities transactions and requires transaction confirmation and quarterly reporting of such transactions. A written copy of Summa's Code of Ethics is available upon request.

### **B. Recommendations Involving Material Financial Interests**

Summa does not recommend to clients or buy and sell for client accounts securities in which it or a related person has a material financial interest.

### **C. Trading and Investing in the Same Securities as Clients**

No security may be bought or sold by a principal or employee of Summa before Summa clients' accounts have had the opportunity to make such transactions as appropriate. All Summa trades made by employees who make recommendations or participate in the determination of which recommendation shall be made require prior approval and are reviewed by the President. Principals and employees will not receive a more favorable execution price on a particular day than those received by their investment advisory clients.

As this practice presents conflicts of interest, all employees of Summa must comply with the Firm's Compliance Manual and Code of Ethics which impose restrictions on the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons.

The Compliance Manual and Code of Ethics require prior clearance and monthly reports on all personal securities transactions, except transactions in investment company securities and/or other exempt transactions. Further, such Compliance Manual and Code of Ethics impose certain policies and procedures concerning the misuse of material non-public information that are designed to prevent insider trading by any officer, partner, or associated person of Summa.

## **ITEM 12: BROKERAGE PRACTICES**

### **A. Selecting Brokerage Firms**

Summa will supervise and direct the investments of the client accounts subject to such limitations as client may impose in writing. Summa as agent and attorney-in-fact with respect to client's account and without prior consultation with client, may, (i) direct the purchase, sell, exchange, conversion, and otherwise trade in stocks, bonds and other securities including money market instruments, (ii) direct the amount of securities purchased, sold, exchanged, and otherwise traded; and (iii) place orders for the execution of such securities transactions with a broker/dealer subject to written limitations imposed by the client.

Certain investment advisory representatives are registered representatives of Insight Securities, Inc. Through this relationship, they may execute transactions for clients through Insight Securities, Inc. and receive a commission for such transactions. (*See Item 10.A. Registration as a Broker/Dealer or Broker/Dealer Representative*)

#### ***Research and Other Soft Dollar Benefits***

It is not Summa's practice to negotiate "execution only" commission rates, thus client may be deemed to be paying for other services provided by the broker which are included in the commission rate. These other services may include research, services such as news and quotation equipment, electronic office equipment, account record-keeping, on-line financial information and data processing.

Research services furnished to Summa may or may not be used by Summa in the servicing of its investment advisory clients. The types of products and services may include written and oral reports concerning current or prospective portfolio holdings, economic interpretations, and portfolio strategy.

Summa will allocate brokerage transactions in a manner it believes to be fair and reasonable to its clients and consistent with client objectives. Summa executes aggregate purchases or sales of securities for various clients when it has the opportunity to do so and when it receives or places the same order at the same time for several accounts.

Adhering to a strict formula will not be practicable given the variation in client objectives and guidelines. Prospective clients are hereby advised that lower brokerage fees for comparable services may be available from other sources.

### ***Brokerage for Client Referrals***

Summa does not recommend to or select broker/dealers for clients based upon the possibility of receiving referrals from the broker/dealers.

### ***Directed Brokerage***

Clients can instruct us to direct all or a portion of the securities transactions for its account to a specified broker or dealer. We will treat the client direction as a decision by the client to retain the discretion that otherwise would have in selecting a broker-dealer to effect transactions and in negotiating transaction fees generally for the client's account. The client who directs us to use a specific broker can pay higher or lower transaction fees such as commissions, commission equivalents, mark-ups, mark-downs, dealer spreads, credits or otherwise, and can receive less or more favorable execution services than if the client did not direct transactions to a particular broker. In the event the client wishes to direct transactions to specific broker/dealers, the client should be aware that Summa may not be able to achieve best execution.

## **B. Aggregation of Securities for Multiple Client Accounts**

To the extent possible, Summa will aggregate client transactions in the same securities in an effort to improve execution quality and pricing. As each client is treated individually, however, Summa may not be able to aggregate all transactions.

## **C. Trade Error Policy**

It is Summa's policy to not benefit from trade errors at its clients' expense. If the error was caused by Summa's actions and is in the client's favor, Summa will allow the client to keep any benefit. If, however, the error is not favorable to the client, Summa will absorb the cost of the error.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **A. Periodic Reviews**

Summa offers managed account programs to its customers. These managed accounts are monitored on a systematic basis, and each account is reviewed monthly by Maria Luisa Bernaldo de Quiroz. Notwithstanding the above, more active accounts and larger accounts maybe reviewed on a daily basis. With respect to account performance, Summa reviews each account on a quarterly basis, and compares each investment on a transaction basis to ensure that each transaction is: (i) suitable to the respective client's investment objectives; (ii) meets that client's quality standards; and (iii) to make sure that their investment objectives are still pertinent to the managed account arrangement.

### **B. Factors that Will Trigger Non-Periodic Reviews**

The nature and frequency of reports to clients are determined primarily by the particular needs of each client. In the event of changing economic or political events, the accounts could be reviewed more frequently than monthly.

### **C. Reports Provided to Clients**

Summa does not generally provide portfolio reports to clients; however, clients do receive written periodic statements from their custodian detailing all activity and assets in the clients' managed accounts.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

### **A. Third Party Compensation**

Summa does not receive any economic benefits from any non-clients for providing investment advice or other advisory services to its clients.

### **B. Referrals**

Summa does not receive any compensation, either directly or indirectly, for client referrals and it does not provide compensation either directly or indirectly to any non-supervised person for referrals. .

## ITEM 15: CUSTODY

### A. Selection of Custodian

InSight Securities (“InSight”) clears its securities transactions on a fully disclosed basis through Pershing, LLC (“Pershing”). As a result of that relationship, Pershing is the custodian for our clients electing to use the InSight trade execution platform. Regardless of our recommendation regarding the custodian, clients may direct us to utilize other custodians. See Brokerage Practices, Other Financial Industry Activities and Affiliations, and Client Referrals and Other Compensation.

### B. Statements

Clients will receive at least quarterly statements from the broker/dealer, bank or other qualified custodian that holds and maintains clients’ investment assets. Summa urges its clients to carefully review such statements and compare such official custodial records to any information that Summa may provide to them. Summa’s information may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **ITEM 16: INVESTMENT DISCRETION**

Summa will supervise and direct the investments of the client accounts subject to such limitations as the client may impose in writing. Summa, as agent and attorney-in-fact with respect to the client's account and without prior consultation with the client, may, (i) direct the purchase, sell, exchange, conversion, and otherwise trade in stocks, bonds and other securities including money market instruments, (ii) direct the amount of securities purchased, sold, exchanged, and otherwise traded; and (iii) place orders for the execution of such securities transactions with a broker/dealer subject to written limitations imposed by the client. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities, and determining the amount to be invested, Summa observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to Summa in writing.

## **ITEM 17: VOTING CLIENT SECURITIES**

It is the general policy of Summa to not take any action or render any advice in reference to the voting of proxies for those securities held in all client accounts. Summa does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.



## **ITEM 18: FINANCIAL INFORMATION**

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about their financial condition. Summa is well capitalized and 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.

### **A. Balance Sheet**

Summa does not require nor solicit prepayment of investment advisory fees which would result in custody issues. Therefore, it is not required to include a balance sheet with this brochure.

### **B. Financial Conditions**

Neither Summa nor its management have any financial conditions that are likely to reasonably impair its ability to meet contractual commitments to clients.

### **C. Bankruptcy Proceedings**

Summa has never been subject to a bankruptcy proceedings.