



**XP Private, Inc**  
CRD# 173779

**Form ADV Part 2A**  
**Firm Brochure**

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This Brochure provides information about the qualifications and business practices of XP Private, Inc. ("XP Private"). If you have any questions about the contents of this Brochure, please contact us at (786) 725-5983. 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.

XP Private is a 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 provides you with information you can use in deciding whether to hire or retain an adviser.

Additional information about XP Private is also available via the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

On March 29, 2018, we submitted our annual updating amendment for fiscal year 2017. Since that filing, we have made the following changes:

We have changed our company name from XP Advisors, Inc. to XP Private, Inc. (hereinafter “XP Private”). The ownership, control, and management of the company has not materially changed.

We have also updated this Brochure to include information regarding the addition of its Institutional Advisory Services.

If you would like a current copy of our brochure at any time free of charge, please contact us at 701 Brickell Avenue, Suite 2120, Miami, FL 33131 or (786) 725-5983.

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#### **Item 4 – Advisory Business**

XP Private, Inc. (formerly XP Advisors, Inc.) is a Registered Investment Adviser formed in the State of Florida. XP Private, Inc. (hereinafter “XP Private”) has been located in Miami, Florida since November 2014. XP Private is directly owned by XP Inestimentos S/A.

XP Private provides investment management to clients with an extensive array of products that allow them to efficiently access the international capital markets. Our full commitment to our clients eliminates conflicts of interest and ensures that decisions are geared exclusively to producing the best results.

At XP Private, we are committed to being a partner of choice and curating an exceptional suite of products chosen to fit the needs of clients. We are an open platform but give a full due-diligence review to each of the proposed products in a client’s portfolio, ensuring that it fits not only their investment profile but also our investment fundamentals and management team screening.

Investment accounts are subject to the written investment guidelines and investment objectives (the “Investment Guidelines”) as directed by each client and approved by XP Private. The Investment Guidelines may be amended from time to time by written notice from the client. XP Private recommends purchases and sales of domestic and foreign securities and instruments.

A majority of our clients are high net worth individuals and corporations. We know how important it is to understand the unique needs and perspectives of our clients. Our value added approach offers the following advantages:

- ▶ A personalized boutique approach to navigating risks and opportunities.
- ▶ We structure each client’s investment portfolios according to an asset allocation model that takes into account their risk and return objectives.
- ▶ We emphasize a balanced approach to asset allocation, seeking to diversify the holdings by products, sectors, and regions of the investments.
- ▶ Our open-architecture platform allows us to provide a global selection of financial products from a wide variety of financial institutions.
- ▶ We remain nimble to the changes in both the financial markets as well as to the personal circumstances of our clients.

We offer our clients a world of options through an open architecture investment platform.

XP Private also provides investment advisory services to domestic and off-shore pooled investment vehicles that are exempt from SEC registration (“Institutional Advisory Services”). XP Private’s investment advisory related services to pooled investment vehicles are subject to the terms set forth in their Private Placement Memorandum or Explanatory Memorandum.

#### **Regulatory Assets Under Management**

XP Private currently provides discretionary and non-discretionary investment management services to high net worth individuals and corporations. As of December 14, 2018, XP Private maintained a total of approximately \$7,311,115 in non-discretionary assets under management and \$103,152,148 in discretionary assets under management.

### Equities and Options

Another core component to a well-diversified portfolio is global equity products. At XP Private, we provide market access to a wide range of financial instruments, such as listed U.S. and International stocks, ETFs, equity and index options and ADRs.

### Fixed Income

Fixed income products are an important component to a well-diversified portfolio. We develop many of our strategies based on bond management techniques that focus on adding value while managing risks.

We offer a comprehensive range of fixed income products, including treasuries, government notes and bonds, corporate bonds, emerging market bonds, international sovereign bonds, and agency bonds.

### Mutual Funds

Another important option for well-structured portfolios is the addition of mutual funds and the inherent diversification they provide. Through our open-architecture, we work with best-in-class fund managers with long, successful track records and a thorough grounding in risk management. We specialize in working with a comprehensive set of fund managers offering products with a unique set of benefits for international investors.

## **Item 5 – Fees and Compensation**

### Fees for Advisory Services

Fees charged by XP Private are established in a client's Investment Advisory Agreement. XP Private's advisory representatives have the authority to negotiate the fee but all fees are subject to the approval of the firm's President or Chief Compliance Officer. For XP Private's advisory services, XP Private charges a management fee, which is a percentage of the assets under management.

XP Private generally charges between .50% and 1.50% of assets under management on an annual basis. Additionally, XP Private offers advisory services on an hourly basis at a rate of \$400 to \$600 per hour.

XP Private will either bill you directly for payment of our fees or the fees will be deducted from your account. Fees are billed quarterly, in arrears and are based on the market value of your account for the preceding quarter. The market value of your account will be determined by calculating the average month end balance of your account during the preceding quarter. Account margin balances will be included in the computation of advisory fees. Fees will be calculated using the following formula: Market Value of Account (based on average month end balance for the preceding quarter) \* Annual Fee / 4 = Quarterly Advisory Fee.

### Fee Billing

Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client asset account to facilitate billing.

If you choose to have our fee deducted directly from your account, the following requirements must be met:

- You must provide written authorization permitting the fees to be paid directly from your account held by the custodian. XP Private does not have access to client funds for payment of fees without client consent in writing.
- XP Private will send you an invoice showing the amount of the fee, the value of assets on which the fee is based, and the specific manner in which the fee was calculated.
- XP Private hereby discloses that it is your responsibility to verify the accuracy of the fee calculation and that the custodian will not determine whether the fee is properly calculated.
- XP Private will send an invoice to the custodian indicating the amount of the fee to be paid by the custodian.
- The custodian agrees to send you a statement, at least quarterly, indicating all amounts dispersed from the account, including the amount of the advisory fee paid directly to XP Private. Please review each statement for accuracy. XP Private will also receive a copy of your account statements from the custodian.

Clients have two invoicing and payment options to choose from at the time of entering into an agreement with XP Private:

*Option 1:* Advisory fees will be billed directly to client (and not deducted from client's Account), and client agrees to pay all advisory fees within ten (10) days after receipt of Adviser's invoice, unless an objection has been received from the client. A check will be the only acceptable form of payment; or

*Option 2:* Client authorizes XP Private to send the invoice to your custodian to debit our fees from your account(s). If you provide us such authorization, at the same time we submit our request for payment to your custodian, you will be sent a notice from us, in writing, stating the exact amount of our advisory fee and the specific manner or basis on which we calculated our fee. Your advisory fee payment will reflect on your custodian statement. You may withdraw this authorization for direct billing of our fees at any time by notifying us or your custodian in writing.

#### Other Fees and Expenses

In addition to the advisory fees charged by XP Private, other fees may apply. For instance, XP Private's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses, which shall be incurred by the client. Clients may also incur certain charges imposed by custodians, brokers, advisers and other third parties such as the following: 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. In addition, mutual funds and certain exchange-traded funds ("ETFs") pay management fees to their investment advisers, which reduce their respective assets. To the extent that the client's portfolio has investments in mutual funds or ETFs, the client may pay two levels of advisory fees for the management of their assets: one directly to XP Private and the other indirectly to the manager(s) of the mutual funds and ETFs held in their portfolios. XP Private is affiliated with XP Securities LLC ("XP Securities" or "XPS"), a registered broker-dealer that is under common control with XP Private. XP Private utilizes XPS as an introducing broker-dealer for certain securities transactions of its advisory clients. XPS and/or associated persons receive compensation for brokerage transactions effected in these advisory accounts, and for the purchase of investment and insurance products recommended. Such charges, fees, and commissions are exclusive of and in addition to XP Private's fees. XP Private implemented a policy in conjunction with its affiliated broker-dealer XPS in order to set a flat fee commission schedule for any orders that are

executed on behalf of its clients. The fee schedule is as follows:

- Fixed income: \$200/ trade
- Stocks:
  - US Markets: \$20/ trade
  - Other Markets: \$25/ trade
- Options: \$20/ trade
- Mutual Funds and Hedge Funds: \$100/ trade

XP Private considers several factors when determining the appropriate fees for each client: the amount of assets, the anticipated time involved in structuring initial and ongoing recommendations to the client, and the types of expertise required for the client's portfolio.

#### General Information About Fees

XP Private does not independently value your assets. We rely on your custodian to calculate the value of your assets held in your account. For the initial quarter, the valuation date will be the day the account is funded. Fees for the initial quarter shall be prorated for the actual number of days of services provided to client during the quarter. The parties agree that fair market value shall mean (i) the available net asset value as of the valuation date for registered mutual funds held either directly by the Fund or by the custodian; and (ii) with respect to other assets, the value determined by client's custodian or custodians. For assets that have no readily ascertainable market value reported by your custodian, we will discuss with you and agree on an appropriate valuation method in advance. Any appraisal of assets shall be at the client's sole expense. The aggregate fair market value of assets in related accounts may be combined when fees are calculated. The Adviser may modify the above fee schedule 30 days following written notice to the client.

XP Private'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, third party investments 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 XP Private's fees, and XP Private shall not receive any portion of these commissions, fees, and costs.

The factors that XP Private considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions) is further explained in Item 12 - Brokerage Practices.

Clients may terminate their Investment Advisory Agreement with XP Private, without penalty and with a full refund of the initial fee (if any), by giving XP Private written notice within five (5) business days after signing the agreement. Thereafter, either party may terminate the Investment Advisory Agreement by providing 30 days prior written notice to the other party. Upon termination of any account, any prepaid, unearned fees after deducting any costs incurred through the effective date of termination will be promptly refunded to the client. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period. Clients can use the following formula to calculate the amount of reimbursement of prepaid fees: (Prepaid fee for billing period – (fee% \* AUM in

account \* Number of days the agreement was effective during billing period) – costs incurred during billing period = Amount of reimbursement to client). The client will be sent a detailed statement, which will show the calculation of reimbursement and list the incurred costs. After XP Private's agreement is terminated, XP Private will have no further duties or obligations to the client.

For Institutional Advisory Services, XP Private is compensated as agreed upon in the investment advisory agreement, which differ from the fee practices set out above.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

Neither XP Private nor any of its supervised persons (employees) accepts performance-based fees (fees based on a share of capital gain on or capital appreciation of the assets of a client). XP Private does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

#### **Item 7 – Types of Clients**

XP Private provides investment advisory services for high net worth individuals, trusts, pooled investment vehicles, and corporations. Most of XP Private's clients are non-U.S. residents with a concentration of Latin American clients.

The minimum investment to open and maintain an advisory account is \$100,000. XP Private's minimum annual fee for all accounts and services is \$5,000, which may be waived at the discretion of the principal. Upon your request, we may aggregate related accounts for spouses and minor children for purposes of calculating portfolio valuation and our fees. We may negotiate our fees taking into consideration such things as the number and size of your accounts, your relationship with other clients, the length of our relationship with you, the complexity of your personal circumstances or desired investment strategies, and other factors.

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

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

Our open-architecture platform allows clients to select products from multiple providers. In line with our investment methodology, we provide our clients with customized investment strategies that incorporate a wide mix of products from the best financial firms in the world.

XP Private uses the following methods of analysis: fundamental analysis and charting which includes technical and cyclical analysis.

Charting analysis involves the use of patterns in performance charts. XP Private uses this charting technique to search for patterns used to help predict favorable conditions for buying and/or selling a security. One of the primary risks in using charting is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.



Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the analysis of past market data – primarily price and volume. Cyclical analysis involves the analysis of business cycles to find favorable conditions for buying and/or selling a security. One of the risks in using technical and/or cyclical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that XP Private will be able to accurately predict such a reoccurrence.

The investment strategies associated with the pooled investment vehicles that XP Private provides Institutional Advisory Services to are set forth in the specific investment's Private Placement Memorandum or Explanatory Memorandum.

XP Private uses long term and short term purchasing strategies, designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. Investing in securities involves a risk of loss that clients should be prepared to bear.

**General Investment Risk:** All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments in which you intend to invest.

**Loss of Value:** There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political, and economic developments, and government, economic or monetary policies.

**Interest Rate Risk:** Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer-term debt securities are usually more sensitive to interest rate changes.

**Fixed Income Market Risk:** Fixed income securities increase or decrease in value based on changes in interest rates. If rates increase, the value of fixed income securities generally declines. On the other hand, if rates fall, the value of the fixed income securities generally increases.

**Credit Risk:** Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A

lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

**Foreign Exchange Risk:** Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation, and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

**Margin Risk:** When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from your broker-dealer. If you intend to borrow funds in connection with your account, you will be required to open a margin account, which will be carried by the broker-dealer of your account. The securities purchased in such an account are the broker-dealer's collateral for its loan to you.

If the securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and, as a result, a brokerage firm is required to take action, such as issue a margin call and/or sell securities or other assets in your accounts, in order to maintain necessary level of equity in the account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin account that may be established as a part of our Investment Management Services and held by your broker-dealer. These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The broker-dealer can force the sale of securities or other assets in your account.
- The broker-dealer can sell your securities or other assets without contacting you.
- You may not be able to choose which securities or other assets in your margin account are liquidated or sold to meet a margin call.
- The broker-dealer may move securities held in your cash account to your margin account and pledge the transferred securities.

You may not be entitled to an extension of time on a margin call.

**Risks Associated with Investing in Options:** Transactions in options carry a high degree of risk. A relatively small market movement will have a proportionately larger impact, which may work for or against the investor. The placing of certain orders, which are intended to limit losses to certain amounts, may not be effective because market conditions may make it impossible to execute such orders. Selling an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be

exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

**Risks Associated with Investing in Equities:** Investments in equities generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Risks Associated with Investing in Exchange Traded Funds (ETF):** Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

### **Risk of Loss**

Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Mutual funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on mutual funds can be reduced by the costs to manage the funds. Additionally, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end." So-called "open end" mutual funds continue to allow in new investors indefinitely, which can dilute other investors' interests.

### **Recommendation of Particular Types of Securities**

As disclosed under the Advisory Business section in this Brochure, we recommend all types of securities and we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of

investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with that investment.

The investment risks associated with the pooled investment vehicles that XP Private provides Institutional Advisory Services to are set forth in the specific investment's Private Placement Memorandum or Explanatory Memorandum.

#### **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 XP Private or the integrity of XP Private's management. Rodrigo Jabali ("Mr. Jabali"), President of XP Private, was a registered representative at Bulltick Securities, LLC ("Bulltick") — a registered securities broker-dealer and Financial Industry Regulatory Authority ("FINRA") member firm — from 09/2006 to 11/2008. In or about 2011, without admitting or denying the allegations, Mr. Jabali consented to a censure and a \$7,500 fine by FINRA for allegedly accepting orders for customer accounts from a third party without obtaining written authorization from the customers. The activity in question took place in 2008 while Mr. Jabali worked at Bulltick. While at Bulltick, Mr. Jabali was referred accounts from a Bahamian firm that hired another firm to assist with managing customer assets. As the registered representative of the accounts in question, Mr. Jabali was authorized by the customers to accept orders from representatives of the Bahamian firm. Bulltick was aware of this arrangement, but had not approved the discretionary agreements in writing. Mr. Jabali was unaware that one of the individuals that customarily sent orders on behalf of the Bahamian firm was an outside consultant and not an employee of the Bahamian firm. No customers were harmed as a result of this activity, and neither Bulltick nor Mr. Jabali ever received a customer complaint. Mr. Jabali paid the fine in full on or about January 4, 2012.

#### **Item 10 – Other Financial Industry Activities and Affiliations**

XP Private is affiliated with XPS, a FINRA member broker-dealer. XP Investmentos S/A directly owns 100% of XP Private and indirectly owns 100% of XPS through 100% ownership of XP Holding International, LLC. XPS and XP Private are located in the same office in Miami, FL. Several of XP Private's management and associated persons are registered and associated with XPS as registered representatives. For example, Jared Wilson is the Chief Compliance Officer of both entities therefore making both entities under common control. Mr. Jabali is the President of XP Private and is a registered principal with XPS.

XP Private utilizes XPS as an introducing broker-dealer for the majority of the securities transactions of advisory clients. Advisory clients' assets are held in custody at an unaffiliated qualified custodian, such as Pershing, LLC or another broker-dealer, bank, trust company, or other qualified custodian selected by the client. XPS and/or associated persons of XPS receive compensation for brokerage transactions effected in these advisory accounts, and for the purchase of investment and insurance products recommended, which poses a conflict of interest. For example, XP Private utilizes XPS as an introducing broker-dealer for certain equity, fixed income, options, and mutual fund trades; this is due to, among other factors, market-competitive commission rates, a trading interface with tools suitable for clients' equity and fixed income trading activities, and quality of execution. XPS has established

policies and procedures to mitigate conflicts and address applicable regulatory requirements. However, lower fees for comparable services may be available from other sources. Clients are encouraged to request additional information regarding potential conflicts of interest.

An XP Private representative may operate an office management support company under a doing business as (DBA) name which is not affiliated with XP Private. Any information regarding an IA representative's DBA may be found in the IAR's ADV Part 2B Brochure Supplement. Advisory services are provided separately and independently of an IAR's DBA.

XP Private provides Institutional Advisory Services to Glide Fund Series, LLC and Glide Fund SPC Ltd. ("Glide Funds"), domestic and off-shore pooled investment vehicles that are exempt from SEC registration. XP Private's advice to Glide Funds is limited to the objectives and investment strategies set forth in the investments' Private Placement Memorandum or Explanatory Memorandum. XP Private charges asset based fees that are established in its investment advisory agreements with Glide Funds and in accordance with the terms of the Glide Funds' Private Placement Memorandum or Explanatory Memorandum. A conflict of interest is created with clients because XP Private has an incentive to recommend that clients invest in Glide Funds, thereby increasing the compensation it receives. XP Private addresses such conflicts of interest by honoring its obligation to act in the best interests of clients, not charging an advisory fee on client investments with Glide Funds and by disclosing such conflicts of interest to its clients.

#### Item 11 – Code of Ethics

XP Private has adopted a Code of Ethics (the "Code") for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at XP Private must acknowledge the terms of the Code annually, or as amended.

XP Private anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will recommend to investment advisory clients or prospective clients over which it has management authority, the purchase or sale of securities in which XP Private, its affiliates and/or clients, directly or indirectly, have a position of interest.

XP Private's employees and associated persons are required to follow XP Private's Code. Subject to satisfying this policy and applicable laws, officers, directors, and employees of XP Private and its affiliates may trade for their own accounts in securities, which are recommended to and/or purchased for XP Private's clients. The Code is designed to assure that the personal securities transactions, activities and interests of XP Private's employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of XP Private's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code in some circumstances would permit employees to invest in the same securities as clients, there is a possibility

that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code to reasonably prevent conflicts of interest between XP Private and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with XP Private's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. XP Private will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

XP Private's clients or prospective clients may request a copy of the firm's Code by contacting Jared Wilson, the Chief Compliance Officer.

It is XP Private's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

XP Private may recommend that certain non-US clients invest in the pooled investment vehicles it manages. The nature and scope of XP Private's financial interest is disclosed in the recommended pooled investment vehicle's Private Placement Memorandum or Explanatory Memorandum, which is delivered to prospective investors that XP Private's recommends invest.

## **Item 12 – Brokerage Practices**

### **Broker-Dealer Recommendation and Best Execution**

Where the client is not referred by an existing broker-dealer and/or the client does not otherwise designate a broker-dealer, XP Advisers will recommend XP Securities. However, ultimately it is the client's decision to select a broker-dealer and custodian. Lower fees for comparable services may be available from other sources. XP Advisers does not receive referral fees from recommended broker-dealers. In recommending XP Securities, XP Private will consider relevant information about XP Securities including, but not limited to, the following:

- financial stability;
- reputation and integrity;
- commission rates;
- trading expertise;
- facilities;

- reliability in executing trading and keeping records;
- fairness in resolving disputes; and
- scope of financial services offered.

XP Private seeks to ensure that its clients receive the best overall qualitative execution for securities transactions executed at XP Securities by continually monitoring and reviewing the best execution capability of XP Securities. When assessing the best execution capability of XP Securities, XP Private will consider the following factors: execution speed, execution capabilities, responsiveness, commission rates/transaction costs, size and type of transaction, complexity of a particular transaction, and overall execution quality.

#### Research and Other Soft Dollar Benefits

XP Private does not have any soft dollar arrangements. Soft dollar arrangements occur when the adviser receives research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions.

#### Brokerage for Client Referrals

Neither XP Private nor any of its related persons selects or recommends broker-dealers in order to receive client referrals from a broker-dealer or third party in return.

#### Directed Brokerage

XP Private's clients can choose where they want to hold their assets. XP Private may assist clients in negotiating fees and choosing the custodian that will best serve the client's interest for custody and execution. XP Private does not benefit or receive any compensation based upon any discounts that XP Private negotiates. The final decision of choosing custodians is always with the client.

XP Private may have discretion as to the selection of securities brokers, real estate brokers, securities dealers, insurance agents, banks, financial institutions, securities issuers, and the like, for the execution of transactions on behalf of the client, unless otherwise directed by the client by signing the Directed Broker Acknowledgment Exhibit of the Investment Advisory Agreement.

The client recognizes that by directing XP Private to use a particular broker, the client may pay higher brokerage commissions or receive less favorable prices than might otherwise be possible, and may not obtain best execution because:

- The commission rate charged to their account(s) will be the rate the client negotiated with the brokerage firm, and XP Private will make no attempt to negotiate commissions on their behalf. As a result, the commissions paid by the client may be higher than those paid by other clients of XP Private whose trades are executed through the same or other broker-dealers.
- XP Private will not seek better execution services or prices from other broker-dealers.
- The benefits of aggregating the client's orders with other client orders will be lost.
- Orders for the client's trades may have to be entered either before or after another client's order for the same security, with the result that market movements may work against the client's orders.

See Item 10 above for information regarding client trades placed through XPS, an affiliated introducing broker-dealer.

Securities transactions for the client may be aggregated with securities transactions for other clients of XP Private in order to obtain a better execution. XP Private may cause the client and other clients to pay a brokerage commission which is higher than commissions generally available in recognition of the value of services provided to XP Private by a particular broker or dealer, provided that such services shall be obtained in accordance with Rule 28(e) promulgated under the Securities Exchange Act of 1934, as amended. Services obtained in connection with securities transactions for the client may also benefit other clients of XP Private.

*Brokerage Services for Institutional Advisory Clients* – For Institutional Advisory Services clients, XP Private does not execute client transactions and does not select or recommend broker-dealers for client transactions.

### **Item 13 – Review of Accounts**

XP Private monitors its managed accounts on a systematic basis. Mr. Jabali will review a sample of accounts quarterly with the assistance of the Compliance Department. More frequent reviews may be undertaken because of change in market conditions, change of security position(s), requests by clients for a meeting or the occurrence of such meeting, change in client's investment objective or policies of XP Private. With respect to account performance, XP Private reviews each account on a quarterly basis.

More frequent reviews may be undertaken because of changes in market conditions, change of security position(s), a request by client for a meeting or the occurrence of such meeting, a change in client's investment objective or policies of XP Private.

XP Private reviews each of the following objectives with each client to communicate and manage clients' expectations:

- Strategy  
The investment adviser representative meets with the client to set the asset management strategy and allocation model
- Opportunities  
Based on asset allocation model, the investment adviser representative then identifies appropriate investment opportunities
- Due Diligence  
Due diligence is conducted by the investment adviser representative on selected investments and adjustments made, if necessary
- Review  
Investment adviser representatives will review proposed investment recommendations and due diligence to ensure compatibility with client investment strategy before making final recommendations to the client
- Performance  
Investment performance is internally reviewed periodically and with client in response to changes in asset management strategy

Written reports are sent to clients at least quarterly stating their account performance, asset allocation, securities held in their account, any purchase or sale of securities within the account, and overall market



performance. Along with the quarterly reports, XP Private recommends quarterly client/adviser meetings to review the past quarter's performance and discuss potential changes in the client's objectives. In addition to our reports, you will receive at least quarterly account statements from your custodian summarizing your current holdings and transactions in your account(s).

*Brokerage Services for Institutional Advisory Clients* – For Institutional Advisory Services clients, XP Private review of accounts and reports it provides (if any) are set forth in the investment advisory agreement with the client.

#### **Item 14 – Client Referrals and Other Compensation**

XP Private may pay referral fees to or enter into solicitation arrangements with third parties ("Solicitors") to offer XP Private's advisory services or programs. XP Private enters into referral agreements with Solicitors pursuant to Rule 206(4)-3 of the Investment Advisers Act of 1940. XP Private will compensate the Solicitors directly if a client enters into a relationship with XP Private. This compensation is ongoing and made up of a portion of the investment advisory fee XP Private charges the client, which may be up to 50% of the advisory fee. A Solicitor will provide the client with a statement disclosing the terms of the Solicitor's arrangement with XP Private. XP Private assures that Solicitors are properly licensed or registered in accordance with state securities laws, if required. If XP Private pays a solicitor fee, it will only be permitted under the following circumstances:

1. There is a written agreement between XP Private and the solicitor.
2. XP Private provides any prospective customer with its disclosure materials.
3. The prospective customer has received disclosure material directly from XP Private including all of the facts about the compensation arrangement between the adviser and the solicitor.
4. The prospective customer has verified in writing that all of the required disclosures have been made and that the disclosures regarding solicitor's compensation have been received.

Certain associated persons and/or management personnel of XP Private may also be employed as registered representatives with XPS. In this capacity, they may facilitate the purchase and/or sale of securities, and other investment products for their clients, who may or may not have an advisory fee agreement with XP Private. XP Private's representatives may receive compensation for these non-advisory services that they may provide. Such compensation would be in addition to the advisory and other fees that the adviser might receive. Transaction charges or other charges for services to clients by XPS may be more or less than what other broker-dealers not recommended by XP Private charge for comparable services. Investment products purchased or sold in broker-dealer accounts may generate transaction fees that would not exist if the purchase or sale were made directly through the issuer of the security, such as a mutual fund company. Mutual funds held in broker-dealer accounts also charge management fees. These mutual fund management fees may be more or less than the mutual fund management fees charged if the client held the mutual fund directly with the mutual fund company. These management fees are in addition to the management fee charged by XP Private.

XP Private provides Institutional Advisory Services to Glide Funds for which it receives asset based compensation. A conflict of interest is created with clients because XP Private has an incentive to recommend that clients invest in Glide Funds, thereby increasing the compensation it receives. XP Private addresses such conflicts of interest by honoring its obligation to act in the best interests of

clients, not charging an advisory fee on client investments with Glide Funds and by disclosing such conflicts of interest to clients.

#### **Item 15 – Custody**

Where we directly debit your account(s) for the payment of our advisory fees, we are deemed to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period.

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

XP Private does not retain custody of client funds or securities for Institutional Advisory Services clients.

#### **Item 16 – Investment Discretion**

XP Private may receive discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. 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 amounts, XP Private adheres to the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, XP Private's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Changes to a client's investment guidelines and restrictions must be provided to XP Private in writing.

#### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, XP Private does not have any authority to and does not vote proxies on behalf of advisory clients. Clients will receive proxy materials directly from the custodian. However, in the event we receive any written or electronic proxy materials, we will forward them directly to the client. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. At the advisory client's request, XP Private may provide advice to clients regarding the clients' voting of proxies.

#### **Item 18 – Financial Information**

XP Private 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.

#### **Item 19 – Requirements for State-Registered Advisers**

XP Private's principal executive officers and management persons are:

**Rodrigo Jabali**, President; for additional information see Mr. Jabali's Brochure Supplement.

**Jared Wilson**, Chief Compliance Officer; Mr. Wilson is the Chief Compliance Officer for the affiliated FINRA member broker-dealer, XP Securities. He is not registered as an investment adviser representative, but he supervises the accounts and activities of the firm's investment adviser representatives. Mr. Wilson has no disciplinary history.

XP Private is not currently engaged in any other business (other than giving investment advice).

Neither XP Private nor any of its management persons have been involved in any of these listed events:

1. An award or otherwise being *found* liable in an arbitration claim alleging damages in excess of \$2,500, *involving* any of the following:

- (a) an investment or an *investment-related* business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

2. An award or otherwise being *found* liable in a civil, *self-regulatory organization*, or administrative *proceeding involving* any of the following:

- (a) an investment or an *investment-related* business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

Neither XP Private nor any of its management persons have additional relationships or arrangements to disclose with any issuer of securities besides what is listed in Item 10.C of Part 2A.