



**LJ Investment Advisors LLC**

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**Wrap Fee Program Brochure**

This brochure provides information about the qualifications and business practices of LJ Investment Advisors LLC (“LJIA” or the “Adviser”). If you have any questions about the contents of this brochure, please contact us at (646) 992 8183. 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.

Additional information about LJIA also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Once you locate this web address, you can search for information on LJIA by using a unique identifier known as a CRD number.

LJIA 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 provide you with information about which you determine to hire or retain an adviser.

**March 2018**

## Item 2 – Material Changes

This brochure provides information about the qualifications and business practices of LJIA and affiliates (collectively, referred to as “LJIA” or the “Adviser,” or “we,” or “us,” or “our”). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. You will receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year, which is December 31 of each year. 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 by contacting LJIA’s Compliance Department at phone number at (305) 373-8033 or via email by contacting Nick Barker, Chief Compliance Officer at: [nick.barker@ljpartnership.com](mailto:nick.barker@ljpartnership.com)

Christopher Shin, Jeffrey Fulk and Katharine Drake are now dually registered. Earlier this year all three were approved as registered representatives with Foreside Fund Services, LLC.

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## **Item 4 – Services, Fees and Compensation**

### **Description of Services**

LJIA is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC” or the “Commission”).

LJIA offers comprehensive investment advisory services, including investment strategy and implementation, asset allocation, investment manager selection and reporting. LJIA provides such advisory services on both discretionary and non-discretionary bases.

### **Fees and compensation**

LJIA offers a wrap fee program for certain investment management service Clients. This wrap fee program allows LJIA to manage Client accounts for a single fee that includes portfolio management services and custodial costs. The fees are payable quarterly in advance and the fee schedule for this program is represented below:

Total Assets Under Management/Annual Fee \*

Up to \$2 million: 1.50%

\$2 million to \$10 million: 1.25%

\$10 million to \$25 million: 1.00%

Above \$25 million: 0.75%

\* The Fee Schedule provides the basis for fee negotiation and is not indicative of fees paid by any specific client.

As LJIA absorbs certain transaction costs in wrap fee accounts, it may have a financial incentive not to place transaction orders in those accounts since doing so increases its transaction costs. Thus, an incentive exists to place trades less frequently in wrap fee arrangement. Although LJIA does not charge clients higher advisory fees based on their trading activity, you should be aware that LJIA may have an incentive to limit its trading activities in client account(s) because LJIA is charged for executed trades. In a wrap account, LJIA will pay the following costs:

- Commissions and other transaction-based fees or asset-based fees
- Certain Short-Term Redemption (STR) fees
- Prime Broker (PB) /Trade Away (TA) fees
- Exchange Processing fees

### **Contribution Cost Factors**

The program may cost the client more or less than purchasing such services separately. There are several factors that bear upon the relative cost of the program including the cost of the services if provided separately and the trading activity in the Client's account.

### **Additional Fees**

Clients who participate in the wrap fee program will not have to pay for transaction or trading fees. However, clients are still responsible for all other account fees; such as annual IRA fees to the custodian, termination fees if the account is moved to another broker.

All fees paid to the Adviser for investment advisory services are separate and distinct from fees charge by any third party investment providers and additional fees such as margin costs, charges imposed directly by a mutual fund or exchange traded fund, deferred sales charges, odd-lot differentials, distribution fees, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. These fees and expenses are described in each fund's prospectus. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge.

LJIA does not charge Performance-Based Fees.

The client will pay the following costs:

- Contingent Redemption Fees (CRF) charged by a mutual fund company
- Miscellaneous fees such as transfer of assets (TOA), reorg, wire and check fees
- Non-Schwab fees, such as CRFs, mark up/mark downs, or a contra firm's commission for PB/TA
- Margin interest
- Alternative investment (AI) fees

### **Compensation of Client Participation**

LJIA does not seek any fees or commissions from third parties with respect to Client transactions. In the limited circumstances where LJIA receives any such amounts with respect to a Client or Client transaction, LJIA transfers such compensation to the Client's account. Neither LJIA nor its personnel receive transaction-based compensation for the sale of securities to clients.

### **Item 5 Account Requirements and Types of Clients**

LJIA generally provides investment advisory services to high net worth individuals, trusts, estates, foundations, corporations or other business entities (each a "Client") that have a net worth of at least

\$20 million and a minimum of \$10 million of investable assets. LJIA in its sole discretion may accept Clients or accounts with less assets.

## **Item 6 - Portfolio Manager Selection and Evaluation**

LJIA may recommend that a Client allocate a portion of their Portfolio in hedge funds, private equity, real estate or other funds (each, a “Managed Fund”), which are managed by a third-party manager (a “Fund Manager”).

LJIA identifies potential Fund Managers for Client Portfolios through networks established by employees of LJIA and its affiliates as well as through periodicals, directories and databases containing information about investment managers. After a potential Fund Manager is identified, LJIA will perform investment due diligence on the Fund Manager and its key personnel through a variety of methods, including but not limited to, a review of the manager’s offering documents, SEC or other regulatory filings (if applicable), and interviews with the manager’s personnel (both principals and staff).

LJIA, independently and through its affiliates, conducts on-going reviews and analyses of each Fund Manager’s investment performance, including adherence to its investment strategy, guidelines or restrictions.

## **Advisory Business**

LJIA can execute trades or recommendations on behalf of a Client if a limited power of attorney (“LPOA”) has been granted by the Client to LJIA.

LJIA assists each Client in establishing investment objectives, return expectations and risk tolerance (“Client Profile”). Based on Client Profiles, LJIA may offer investment supervisory services regarding the following:

- Equity securities: Exchange listed, over-the counter and foreign securities.
- Exchange Traded Funds
- Warrants
- Options contracts on securities and commodities
- Futures and Forward contracts
- Government Securities
- Corporate debt securities and commercial paper
- Certificates of deposit
- Municipal Securities
- Investment Company Securities

- Private Equity Funds, Hedge Funds, and other similar collective investment vehicles.

LJIA gathers and analyzes Client information, such as investment objectives, experience, financial circumstances, and risk tolerances. LJIA evaluates a Client's attitude toward risk and works to create a portfolio that addresses the Client's investment objectives and risk tolerance ("Portfolio").

Based on a Client's risk assessment and preferences, assets are allocated across traditional asset classes and assets types, and individual investments. In selecting the individual investments, LJIA, independently and through its affiliates, performs detailed analysis including:

- Fundamental analysis: involves the analysis of national accounts and financial statements, the general financial health of economies or companies.
- Qualitative and Quantitative Manager selection process: involves a four-tiered process to assess the viability of inclusion of a Fund Manager (Long Only or Hedge fund) to a recommended list for eventual inclusion in Client Portfolios depending on each Client's risk profile.
- 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 and or asset class.
- Charting analysis: involves the use of patterns in performance charts. LJIA uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.
  - LJIA reaches Client's asset allocation goals through long term trading, while selectively using short term trading and options strategies (including writing covered options, uncovered options, or spreading strategies) for tactical reallocations. LJIA utilizes investment strategies that are designed to capture return and risk in line with each Client's specific risk profile.

Frequent trading, can affect investment performance, particularly through increased transaction costs. Option writing generally holds greater risk and Clients should be aware that there is a chance of material risk of loss using any of those strategies.

LJIA does not primarily recommend any particular type of security.

### **Custodians / Schwab**

LJIA may recommend/require that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of the Advisor's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or

IRA accountholder. LJIA is independently owned and operated and not affiliated with Schwab. Schwab provides LJIA with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to advisors. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab also makes available to LJIA other products and services that benefit LJIA but may not benefit its clients' accounts. . These benefits may include national, regional or LJIA specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of LJIA by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist LJIA in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of LJIA's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of LJIA's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to LJIA other services intended to help LJIA manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to LJIA by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to LJIA. While, as a fiduciary, LJIA endeavors to act in its clients' best interests, LJIA's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to LJIA of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

## **Performance Measurement and Reporting**

On a monthly basis, LJIA provides Clients with a performance report (a "Performance Report"), detailing the Clients' Portfolio performance and may compare such performance to benchmarks or indices. If requested by a Client, LJIA can include in the Performance Report information on assets



that are not in their Portfolio. The inclusion of such information may result in an additional fee to the Client.

LJIA uses third-party software for record keeping, performance calculation and reporting. Performance Reports are prepared by LJIA using data provided by custodians, investment managers and independent pricing services.

### **Non-advisory Services**

LJIA may offer non-advisory services to its Clients, including coordination of legal-related and strategic business planning, wealth transfer planning, estate planning, research on trustee placement and multi-generational education planning, among others.

LJIA tailors its services to the individual needs of each Client, based on each Client's unique circumstances.

### **Item 7 – Client Information Provided to Portfolio Managers**

LJIA is the portfolio manager for this wrap fee program. All client information that is collected, including basic information, risk tolerance, sophistication level, and income level will be collected by LJIA. As that information changes and is updated, LJIA will have immediate access to that information once collected.

### **Item 8 – Client Contact with Portfolio Managers**

LJIA places no restrictions on client ability to contact its portfolio managers.

## Item 9 – Methods of Analysis, Investment Strategies and Risk of Loss

LJIA gathers and analyzes Client information, such as investment objectives, experience, financial circumstances, and risk tolerances. LJIA evaluates a Client's attitude toward risk and works to create a portfolio that addresses the Client's investment objectives and risk tolerance ("Portfolio").

Based on a Client's risk assessment and preferences, assets are allocated across traditional asset classes and assets types, and individual investments. In selecting the individual investments, LJIA, independently and through its affiliates, performs detailed analysis including:

1. **Fundamental analysis:** involves the analysis of national accounts and financial statements, the general financial health of economies or companies.
2. **Qualitative and Quantitative Manager selection process:** involves a four-tiered process to assess the viability of inclusion of a Fund Manager (Long Only or Hedge fund) to a recommended list for eventual inclusion in Client Portfolios depending on each Client's risk profile.
3. **Technical analysis:** involves the analysis of past market data; primarily price and volume.
4. **Cyclical analysis:** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security and or asset class.
5. **Charting analysis:** involves the use of patterns in performance charts. LJIA uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

The following is a discussion of material risks for significant investment strategies and products, but it does not purport to be a complete explanation of the risks involved investment strategies:

Investing in securities and other investment products involves risk of loss that clients should be prepared to bear. It is possible that a client may lose a substantial proportion or all of its assets in connection with investment recommendations made. LJIA's intention is to implement strategies that are designed to minimize potential losses suffered by its Clients. However, there can be no assurance that such strategies will be successful.

### **Investment objective**

There is no guarantee that in any time period, particularly in the short term, a Client's portfolio will achieve appreciation in terms of capital growth or that a Client's investment objective will be met.

### **Active Trading and Concentrated Portfolios**

Investments in an active strategy can result in higher transaction costs. In addition, the timing of implementation of investment decisions could adversely affect the portfolio.

### **Leverage**

LJIA may engage in or recommend investment strategies that constitute leverage or leverage a Client's portfolio by borrowing, should this be considered necessary or desirable. Such strategies may include the borrowing and short selling of securities, bonds, foreign exchange and the acquisition and disposal of certain types of derivative securities and instruments, such as swaps, futures and options. While leveraging creates an opportunity for greater total returns it also exposes a client to a greater risk of

loss arising from adverse price changes. For a further explanation of the risks involved in entering into certain leveraged transactions see the paragraph below headed “Derivatives.”

#### **Portfolio investments may be volatile**

The value of the securities in which LJIA, on behalf of its Clients, will invest, or that LJIA may recommend that a Client invest, may be volatile. There can be no assurance that portfolio companies will ultimately be successful. Furthermore, such investments are subject to the risk that inflation, economic recession, changes in the general level of interest rates or other market conditions over which LJIA will have no control may adversely affect the operating results of the Client’s portfolios.

#### **Hedging transactions may increase risks of capital losses**

LJIA may utilize, or recommend that a Client utilize, a variety of financial instruments, such as options, for risk management purposes. While LJIA may enter, or recommend that a Client enter, into hedging transactions to seek to reduce risk, such transactions may result in a worse overall performance for a Client’s portfolio (or a portfolio managed by a client than if it had not engaged in any such hedging transactions). Moreover, portfolios are always exposed to certain risks that cannot be hedged, such as credit risk, relating both to particular securities and counterparties.

#### **Fixed Income**

Portfolios that invest in fixed income securities are subject to several general risks, including interest rate risk, credit risk, and market risk, which could reduce the yield that an investor receives from his or her portfolio. These risks may occur from fluctuations in interest rates, a change to an issuer’s individual situation or industry, or events in the financial markets.

#### **Liquidity of investment portfolio**

The market for some securities in which LJIA, on behalf of its Clients, may invest, or may recommend to Clients, may be relatively illiquid. Liquidity relates to the ability of LJIA, on behalf of its Clients, or the Clients that LJIA recommends such securities to, to sell an investment in a timely manner. The market for relatively illiquid securities tends to be more volatile than the market for more liquid securities. LJIA’s investment in relatively illiquid securities and loans may restrict the ability of LJIA, on behalf of the Client, or the Clients themselves, to dispose of investments at a price and time that it wishes to do so. The risk of illiquidity also arises in the case of over-the-counter transactions. There is no regulated market in such contracts and the bid and offer prices will be established solely by dealers in these contracts. When no dealer pricing can be obtained, prices are determined by using cost basis accounting.

#### **Foreign currency markets**

LJIA’s investment strategy may cause a Client to be exposed to fluctuations in currency exchange rates where it invests directly or indirectly in securities denominated in currencies other than U.S. dollars. LJIA, on behalf of the Client, may, in part, seek to offset the risks associated with such exposure.

#### **Non-regulated investments**

LJIA may invest, or recommend that a Client invest, in securities that are not subject to regulation. Accordingly, only a relatively small amount of publicly available information about the securities may be available to LJIA or such Clients.

### **Foreign and withholding taxes**

Certain foreign investments may be subject to taxes, including withholding taxes, or to changes in the rates or methods of taxation. Although all attempts will be to do so, LJIA may not adequately predict the impacts of such taxes when deciding on and structuring investments or investment recommendations.

### **Emerging markets**

LJIA's investment strategies include investments made in emerging markets, and such investments involve special considerations and risks. These include a possibility of nationalization, expropriation or confiscatory taxation, foreign exchange control, political changes, government regulation, social instability or diplomatic developments which could affect adversely the economies of such countries or the value of a Client's investments, and the risks of investing in countries with smaller capital markets, such as limited liquidity, price volatility, restrictions on foreign investment and repatriation of capital, and the risks associated with emerging economies, including high inflation and interest rates and political and social uncertainties. In addition, it may be difficult to obtain and enforce a judgment in a court in an emerging country. The economies of many emerging market countries are still in the early stages of modern development and are subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions having sudden and widespread effects. Investments in products of emerging market may also become illiquid which may constrain LJIA's ability to realize some or all of a Client's portfolio or constrain a Client's ability to realize some or all of a portfolio that it is managing. Accounting standards in emerging market countries may not be as stringent as accounting standards in developed countries.

### **Economic and political risks**

The economies of individual countries in which LJIA, on behalf of its Clients, may invest, or that LJIA may recommend to Clients that they invest, may differ favorably or unfavorably from the economies of more developed countries in such respects as growth of gross domestic product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency and balance of payments position. With respect to any emerging country, there is the possibility of nationalization, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic developments (including war) which could affect adversely the economies of such countries or the value of a client's investments in such countries. In addition, it may be difficult to obtain and enforce a judgment in a court in an emerging country. The economic and political risks described above may also adversely impact the value of derivative instruments and securities that are linked to the performance of emerging markets.

### **Options Contracts**

Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or loss.

### **Inverse and Leveraged ETFs**

Inverse or leveraged Exchange Traded Funds ("ETFs") are complex investment products that carry risks that are generally not suited for conservative investing. Inverse ETFs are designed to track the inverse of its benchmark through the use of derivatives and leveraged instruments over the course of a single day. Leveraged ETFs employ financial derivatives to attempt to achieve a multiple (i.e. 2 or 3 times) of the return (or inverse return) of a stated index over the course of a single day.

### **Derivatives**

An account's investments in derivatives involve risks associated with the securities or other assets underlying the derivatives, as well as risks different or greater than the risks affecting the underlying assets. Risk unassociated with the underlying assets include the inability or unwillingness of the other party to a derivative to perform its obligations to an account, an account's inability or delay in selling or closing positions in derivatives, and difficulties in valuing derivatives.

### **Swaps**

The use of securities, interest rate, credit, currency, equity, commodity, index, and total return swaps, swaptions, and interest rate caps, floors, and collars is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary securities transactions. Swaps are individually negotiated transactions where each party agrees to make a one-time payment or periodic payments to the other party. The parties to a swap typically do not obligate themselves to make "principal" payments, but only to pay the agreed upon rates or amounts as applied to an agreed upon "notional" amount. Nevertheless, most swap agreements are currently principal-to-principal transactions in which performance is the responsibility of the individual counterparty and not an organized exchange or clearinghouse. As such, the Funds are exposed to the risk of counterparty default. However, new regulations, certain of which have already been implemented, will require that a substantial portion of over-the-counter swaps be executed in regulated markets, submitted for clearing through regulated clearinghouses, subject to mandated margin requirements, and/or subject to mandatory reporting requirements.

### **Private Funds**

Private investment companies are not registered with the Securities and Exchange Commission and may not be registered with any other regulatory authority. Accordingly, they are not subject to certain regulatory restrictions and oversight to which other issuers are subject. There may be little public information available about their investments and performance. Moreover, as sales of shares of private investment companies are generally restricted to certain qualified purchasers, it could be difficult for a client to sell its shares of a private investment company at an advantageous price and time. Since shares of private investment companies are not publicly traded, from time to time it may be difficult to establish a fair value for the client's investment in these companies.

### **Private Placement**

Privately issued securities are restricted securities that are not publicly traded. Accordingly, the market liquidity for specific privately issued securities may vary. Delay or difficulty in selling such securities may result in a loss to the strategy.

### **Material Risks for Particular Types of Securities**

LJIA does not recommend primarily a particular type of security. The material risks involved in LJIA's general investment strategies are described above.

LJIA reaches Client's asset allocation goals through long term trading, while selectively using short term trading and options strategies (including writing covered options, uncovered options, or spreading strategies) for tactical reallocations. LJIA utilizes investment strategies that are designed to capture return and risk in line with each Client's specific risk profile.

LJIA does not primarily recommend any particular type of security.

## **Item 10 – Additional Information**

### **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 LJIA or the integrity of LJIA's management. LJIA has no information applicable to this item.

### **Other Financial Industry Activities and Affiliations**

**A.** Neither LJIA nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entity.

**B.** LJIA's related persons may buy or sell investment securities that may, from time to time, be recommended to Clients. To the extent that these business practices raise conflicts of interest, they are addressed in LJIA's Code of Ethics.

In providing advisory services, LJIA may from time to time, recommend to Clients products or services offered by one or more of its affiliates. Such affiliates will receive remuneration, which may be separate and in addition to any Management Fees received by LJIA. Consistent with its internal policies and procedures, LJIA will advise Clients of any such compensation structure at the time the recommendation is made.

**C.** As previously outlined in this brochure the Adviser is under common ownership with various entities including companies that engage in financial services activities throughout the world via the LJ Partnership. LJIA's senior management, as well as parties reflected on Schedule A or B of Form ADV Part 1 maintain association, ownership and managerial positions with other entities within the LJ Partnership creating a disclosable conflict of interest.

### **Other Material Relationships**

LJIA has a relationship with an affiliated brokerage house that is material to its advisory business and its clients. Subject to its duty to obtain best execution for its clients, LJIA may use brokerage services from its affiliated brokerage house for the investments of the private investment companies and other separate accounts it manages. Transactions directed by LJIA to its affiliated brokerage house are generally executed on an agency basis but may be executed on a riskless principal basis following notice to, and consent from, the clients. Under certain circumstances, the affiliated brokerage house's commission rates are negotiable although the affiliations between LJIA and the brokerage house may limit the ability of these rates to be negotiated on an arms' length basis. In addition, LJIA has a relationship with Guggenheim Partners Latin America LLC, an SEC registered investment advisor, whereby LJIA shares the same Main Office and makes similar recommendations subject to specific client profile and risk tolerance. LJIA also has material relationships with a number of other affiliated firms, most under common ownership or control, and the full list of such affiliated entities is set out below:

## United States

- Guggenheim Partners Latin America, LLC is a US investment adviser which is registered with the U.S. Securities and Exchange Commission (CRD number 152104).
- Foreside Fund Services, LLC is a US Broker Dealer, which is a member of FINRA (CRD Number 46106)

## British Virgin Islands

- LJ Cap Limited is an administration services provider.

## Hong Kong

- Guggenheim Investment Advisors (Hong Kong) Limited is an investment adviser which is registered with and regulated by the Securities and Futures Commission of Hong Kong, reference AJF298.

## Isle of Man

- LJ Management (IOM) Limited is an administration services provider which is licensed by the Isle of Man Financial Services Authority.

## New Zealand

- LJ Partnership (NZ) Limited is an investment adviser.

## Portugal

- GGH Partners Portugal Sociedade Gestora De Patrimonos S.A. is an investment adviser which is registered and regulated by Banco de Portugal and Comissão do Mercado de Valores Mobiliários.

## United Kingdom

- LJ Capital Limited is an investment adviser which is authorised and regulated by the Financial Conduct Authority, (FCA number 582903).
- LJ Athene Investment Advisors Limited is an investment adviser which is authorised and regulated by the Financial Conduct Authority, (FCA number 541713).
- LJ Private Office (UK) Limited is an insurance intermediary which is authorised and regulated by the Financial Conduct Authority (FCA number 315313).
- LJ Administration (UK) Limited is an investment adviser which is authorised and regulated by the Financial Conduct Authority, (FCA number 751355).
- Pradera Limited is an investment adviser which is authorised and regulated by the Financial Conduct Authority. (FCA number 192937.)
- Salisbury Partners LLP is an investment adviser which is authorised and regulated by the Financial Conduct Authority, (FCA number 455686).
- Cresco Capital Advisers LLP is an investment adviser which is an appointed representative of LJ Capital Limited, which is authorised and regulated by the Financial Conduct Authority. (FCA number 728726).



- LJ Real Estate Advisors Limited is an investment adviser which is an appointed representative of LJ Capital Limited, which is authorised and regulated by the Financial Conduct Authority. (FCA number 709476.)
- Osprey Equity Partners Limited is an investment adviser which is an appointed representative of LJ Capital Limited, which is authorised and regulated by the Financial Conduct Authority. (FCA number 606843.)
- LXI REIT Investment Advisors Limited is an investment adviser which is an appointed representative of LJ Capital Limited, which is authorised and regulated by the Financial Conduct Authority. (FCA number 768283.)
- Pradera Europe Limited is an investment adviser which is an appointed representative of LJ Capital Limited, which is authorised and regulated by the Financial Conduct Authority. (FCA number 766068.)
- LJ Cap (UK) Limited is an investment adviser which is an appointed representative of LJ Capital Limited, which is authorised and regulated by the Financial Conduct Authority. (FCA number 749628.)

#### Switzerland

- LJ Management (Suisse) SA is a trust and administration services provider which is regulated by SRO PolyReg, a self-regulatory body recognised by the Swiss Financial Market Supervisory Authority.
- Guggenheim Investment Advisors (Suisse) S.A is a Swiss investment adviser which is registered with the Verband Schweizerischer Vermögensverwalter (VSV).

LJIA does not have any other relationships or arrangements that are material to LJIA's advisory business or to its clients that LJIA or any of its management persons have with any of the following related persons: (i) an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund); (ii) any financial planner; (iii) a futures commission merchant, commodity pool operator, or commodity trading advisor; (iv) a banking or thrift institution; (v) an accountant or accounting firm; (vi) a lawyer or law firm; (vii) an insurance company or agency, and (viii) a pension consultant.

#### **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

LJIA has adopted a code of ethics ("Code of Ethics") pursuant to Investment Advisers Act Rule 204A-1. The Code of Ethics applies to all employees and is designed to address conflicts of interest arising in relation to the purchase or sale of securities recommended to Clients for investment in Portfolios which may also be bought or sold by employees. It is also designed to detect and prevent the misuse of material, nonpublic information.

The Code of Ethics requires, among other things, employees to provide an annual report of securities holdings and quarterly reports of securities transactions, to pre-clear transactions in limited, private or initial public offerings, and to report all outside business interests. A copy of LJIA's Code of Ethics



is available upon request for Clients and prospective Clients by contacting the Chief Compliance Officer at [nick.barker@lipartnership.com](mailto:nick.barker@lipartnership.com)

LJIA has adopted the following principles governing personal investment activities by Supervised Persons:

- The interests of Client accounts must be placed first;
- All personal securities transactions will be conducted in such manner as to avoid any actual or potential conflict of interest; and
- Supervised Persons must not take inappropriate advantage of their positions.

No Supervised Person shall recommend any securities transactions to a Client without having disclosed his or her interest, if any, in such securities of the issuer, including without limitation:

- any direct or indirect beneficial ownership of any securities of such issuer;
- any contemplated transaction by such person in such securities;
- any position with such issuer or its affiliates; and
- any present or proposed business relationship between such issuer or its affiliates and such person or any party in which such person has a significant interest.

### **Brokerage Practices**

LJIA does not participate in soft dollars or directed brokerage transactions.

In order for LJIA to manage a Portfolio, LJIA will require the Client to appoint a custodian (a “Custodian”) for assets in the Portfolio, the account number(s) and account contact information, access to account statements and confirmations, and may authorize LJIA to give instructions to such Custodian as needed.

Typically, the Client will receive a monthly brokerage statement from the applicable Custodian reflecting the holdings and activity for that month in the Client’s account.

As a matter of policy, LJIA will usually execute transactions for assets held at a Custodian through that Custodian. Based on LJIA’s policy of executing Portfolio transactions through the relevant Custodian(s), LJIA considers each Client’s designation of a Custodian to be also a direction from the Client to execute transactions with respect to that custodial account through that Custodian. A Client may, of course, direct transactions to another broker-dealer with which it has a relationship and maintains an account.

In connection with any directed brokerage, Clients will bear the cost of execution, typically a commission agreed upon by the Custodian or the broker-dealer and the Client in advance of the transaction. Clients with directed brokerage arrangements are responsible for facilitating the

settlement of Client directed transactions. This includes any transactions initiated by Clients directly with a Custodian. LJIA bears no responsibility for determining whether Clients with directed brokerage arrangements receive volume discounts or best execution. However, if LJIA does exercise its authority to select a broker-dealer to execute a transaction, it will do so consistent with its obligation to seek best execution. LJIA does not receive referrals from Client directed broker-dealers.

LJIA does not have any formal or informal arrangements or commitments to utilize research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis.

LJIA has a fiduciary duty to seek best execution for client transactions, i.e., not necessarily seeking to obtain the lowest commission but the best overall qualitative execution in the particular circumstances. Best execution has been defined by the SEC as the “execution of securities transactions for clients in such a manner that the clients’ total cost or proceeds in each transaction is the most favorable under the circumstances.” In the event LJIA exercises its authority to select a broker-dealer to execute a transaction, it will do so consistent with its obligation to seek best execution.

### **Review of Accounts**

Portfolio Managers monitor Client Portfolios on an ongoing basis. At least one Portfolio Manager and one associate are assigned to each Client. Client Performance Reports are issued on a monthly basis.

At least quarterly, Portfolio Managers evaluate the performance of Client Portfolios on an absolute, relative and risk-adjusted basis and for compliance with the Client Profile established for the Portfolio. At least annually, the Portfolio Managers will review each Client’s Client Profile to confirm that it remains consistent with Client stated goals and objectives.

LJIA encourages ongoing communication between its Clients, Relationship Managers and Portfolio Managers with respect to Client Portfolios.

### **Client Referrals and Other Compensation**

LJIA does not engage third party advisers to manage its Clients’ accounts.

A Client may be introduced to LJIA by an unaffiliated solicitor or an affiliated solicitor, such as an employee of LJIA or an affiliate. LJIA may pay that solicitor a referral fee in accordance with the Investment Advisers Act Rule 206(4)-3 and other applicable federal and state laws. Any referral fee shall be paid by LJIA and shall not result in any additional charge to the Client.

If the Client is introduced to LJIA by an unaffiliated solicitor, LJIA requires that the solicitor provide the Client with this Brochure and a disclosure statement containing the terms and conditions of the

solicitation arrangement between LJIA and the solicitor, including compensation. LJIA requires affiliated solicitors to disclose the nature of their relationship with LJIA to prospective Clients at the time of the solicitation. The referral fee payable to an unaffiliated solicitor may be more than what the solicitor would have received for recommending another investment adviser.

## **Custody**

LJIA does not permit employees to accept, hold, directly or indirectly, client funds or securities, or have any authority to obtain possession of them. LJIA will not intentionally take custody of Client cash or securities.

- Any funds or securities received inadvertently from a Client must be returned to the Client within three business days of receipt.
- Any funds or securities received inadvertently from a third party on behalf of a Client must be returned to the Client or the Client's qualified Custodian within five business days of receipt.

## **Investment Discretion**

On certain accounts, a Client may grant a limited power of attorney ("LPOA") to trade in a particular account to either LJIA or to individual employees of LJIA. Pursuant to an LPOA, LJIA is responsible for placing orders for Clients, and unless otherwise directed, has time and price discretion over orders and will place the order directly with the Client's Custodian.

LPOAs are limited to purchasing and selling securities, and do not authorize LJIA to transfer funds or securities out of any Client account.

## **Voting Client Securities**

LJIA does not have authority to vote proxies or corporate actions with respect to securities in Client Portfolios. Such responsibility remains with the Client.

LJIA will not act for the Client in any legal proceeding, including class actions or bankruptcies, involving a security in any Portfolio or the issuer of any such security, but will forward to the Client materials LJIA may receive related to any legal proceedings. LJIA will not be liable for any failure to forward these materials to the Client.

## **Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about LJIA's financial condition. All LJIA Management Fees are billed

and collected in advance. LJIA 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.